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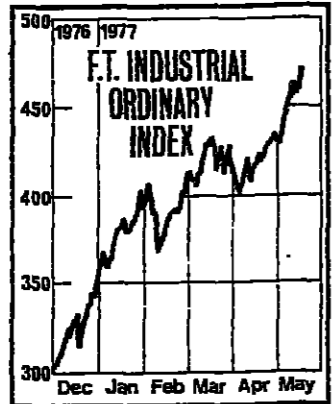
FINANCIAL TIMES
Friday May 13 1977 ***12p

the teamworkers
Taylor Woodrow

NEWS SUMMARY

GENERAL
Ulster trike costs 25m.
Loyalists' strike has cost here Ireland over £25m. in days, according to Government estimates.

BUSINESS
Equities up 13.6 on strong buying
EQUITIES rose sharply as buyers entered the market in force, encouraged by optimism about the trade figures due to-day.



Ulster trike costs 25m.
Loyalists' strike has cost here Ireland over £25m. in days, according to Government estimates. But at the port, in the heart of the Lan Paisley's North Antrim refinery, passenger services resumed to Scotland.

Japanese oppose more concessions on shipbuilding
EUROPEAN shipbuilders can expect little more action from Japan to reduce the competitiveness of its shipyards.

BC news job
Mr. Bryan Cowgill, Controller of BC 1, will take up a newly-created post of director of the corporation's radio and TV news current affairs programmes October 1.

Shell seeks dividend exemption
SHELL Transport and Trading will renew its request for exemption from U.K. dividend control.

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Table with 2 columns: Item and Price Change. Includes items like P & O Dtd, Royal Insurance, Sun Alliance, etc.

Tory commitment on devolution inoperative—Pym

BY RAY PERMAN, SCOTTISH CORRESPONDENT, IN PERTH

A major row seems likely to break out in the shadow Cabinet over a remark by Mr. Francis Pym, Tory devolution spokesman, last night that the Conservative devolution commitment is now "inoperative."

In his speech to the Scottish Tory Party conference at Perth, Mr. Pym stuck to a compromise agreed between supporters and opponents of devolution. It was that he should call for fresh talks between the parties, but that he should not give the impression that the policy favouring a directly elected assembly for Scotland was being renounced.



Mr. Francis Pym stuck to compromise.

But, questioned afterwards, he used the phrase first employed to revoke President Nixon's Watergate denials. The commitment made by Mr. Heath to the Scottish conference in his 1968 "Declaration of Perth" was "inoperative, just as every other commitment by every other party is also inoperative" because of the collapse of the devolution Bill.

Anti-devolutionists were delighted. Mr. Iain Sproul, MP for South Aberdeenshire, who has led the campaign against devolution in the party, said: "It looks to me as though the commitment to a directly-elected assembly was buried this afternoon. All bets are off."

Mr. Alick Buchanan-Smith, who resigned from the shadow Cabinet to support the Government's Bill, said he had been saddened by Mr. Pym's call for more and more time. He would be bitterly disappointed if there was any drawing back from the party's stance.

Mr. Pym told the conference that there should be an all-party convention or a select committee to reconsider devolution. Its first task would be to identify exactly what Scots had been calling for during the past ten years.

The Conservative Party, all the parties, would need to enter constitutional talks of the kind I have described without prejudice and without any pre-conditions, except the continued unity of the U.K. Otherwise, signs of a rise in interest rates was expected to enable banks and finance houses to accommodate the needs of industry for essential finance.

The base for the operation of the scheme will remain the same and the specified rate of growth will continue to be 4 per cent a month of that average. The extension will apply from the average on the relevant liabilities in April, May and June and end with the average for October, November and December.

Although this is not now a serious constraint, there are tentative signs that bank lending is beginning to pick-up slightly. So the authorities believe it is sensible to retain the scheme as a precautionary measure if lending does rise too rapidly.

The scheme could become a genuine constraint on lending later in the year though it allows slightly more flexibility within the monetary targets for the end of 1977-78.

The banks do, however, face upward pressures on interest bearing liabilities from an increase in the amount of medium-term lending, from credit operations and also from larger commitments on export credit financing.

Prior urges advice forum on pay deals

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

THE CONSERVATIVE Party, actively a pre-election period. Dealing with the long-term strategy for orderly wage bargaining at a time when employers, unions and politicians alike are increasingly looking for a supply is maintained and if in the period from formal incomes policy.

Mr. James Prior, shadow Employment Secretary, is backing the idea of a national forum of employers, unions, the Government and others to consider in advance what the country can afford in wage rises. This forum would have before it an independent report on the way the economy had performed in the preceding year and on the prospects for the following one.

In many respects, the plan coincides with proposals to be debated by the CBI's grand council next week; but Conservative Party officials stressed yesterday that it had been prepared quite independently.

It also fits in with the view held by some Labour Ministers. For example, Mr. Denis Healey, the Chancellor, is known to favour some such model, following the lead of West Germany, Holland and Scandinavia.

Mr. Prior's recipe, spelt out in a letter to Conservative trade unionists in his Lowestoft constituency, was also seen yesterday as a bid to unite the monetarist and non-monetarist factions on the Conservative front bench in what is effectively a pre-election period.

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Row on Jay post grows

By Richard Evans, Lobby Editor

THE INQUEST over the appointment of Mr. Peter Jay as British Ambassador to Washington, became a major political row last night after allegations of a smear campaign mounted by the Government against Sir Peter Ramsbotham, the outgoing envoy.

Senior Conservative MPs led by Mr. John Davies, "shadow Foreign Secretary," tabled a Commons motion congratulating Sir Peter on his "distinguished period of service" but deeply regretting that the appointment of his successor "should have been justified by attacks on a public servant who cannot defend himself."

The motion followed suggestions earlier in the day that Mr. Jay, son-in-law of the Prime Minister and Economics Editor of The Times, had been appointed because Sir Peter was "too fuddy-duddy."

It was said that Dr. David Owen, the Foreign and Commonwealth Secretary, did not like what he saw at the British Embassy in Washington when he spent a few days there with Mr. Callaghan in March.

There were also whispers at Westminster yesterday about the alleged stiffness of Sir Peter and the wrong image he was said to be presenting of Britain.

These were the explanations being put about at Westminster for the controversial appointment of Mr. Jay and they clearly shocked Tory MPs who had previously not been too overtly critical of the choice.

But all the signs last night were that the political row over the appointment instead of being kept well away from the Commons, was about to be taken to the Commons by pointing out that the appointment had been made by Dr. Owen.

The Prime Minister claimed he had been taken aback by the choice and faced the difficult task of accepting the "imaginative appointment" or refusing to do so simply because Mr. Jay was his son-in-law.

Frankly, I felt that if that was the only ground on which I should say it would not be right to do so," he declared.

There were criticisms from Labour backbenchers, but in general, Mr. Callaghan was judged to have acquitted himself well.

Parliament, Page 16

Corset controls extended for further six months

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BANK of England is extending for a further six months the so-called corset system of controls on the growth of the banking system's resources on an unchanged basis.

The extension was announced yesterday by the Bank with the intention of helping "ensure that domestic credit expansion and the rate of growth of sterling money supply remain within the limits set."

The Bank also gave a further signal to the discount market reinforcing the message that authorities do not wish to see a significant fall in the Treasury Bill rate at today's tender.

Three-month Treasury bill rates last night remained steady at around the same level of the last week or so. This would trigger a quarter point cut in Minimum Lending Rate to 8 per cent, if maintained to-day and if the normal market formula operates.

The Bank has given no sign of whether it will continue to over-ride the formula, as it has for the last fortnight, and hold MLR at 8 1/2 per cent, or re-engage with the market.

The official aim in the last fortnight has been to steady conditions, especially in view of the signs of a rise in interest rates was expected to enable banks and finance houses to accommodate the needs of industry for essential finance.

The base for the operation of the scheme will remain the same and the specified rate of growth will continue to be 4 per cent a month of that average. The extension will apply from the average on the relevant liabilities in April, May and June and end with the average for October, November and December.

Two Dunford and Elliott directors resign

BY TERRY WILKINSON, CITY STAFF

TWO senior directors have resigned unexpectedly from the Board of Dunford and Elliott, the Sheffield steel and engineering group, which was always held in high regard.

Mr. Peter Edwards, formerly chairman and managing director of Dunford's steel companies, and Mr. Neil Macneon, who was sales and marketing director, both are highly respected in the steel industry.

Lounro has appointed Mr. Derek Norton, chairman of its U.K. engineering subsidiary Firsteel Holdings, to a new position of chief executive of Dunford and Elliott and chairman of the steel companies.

Mr. Edwards was approached at one stage for the job of chief executive of British Shipbuilding but turned it down.

Mr. Denis Ward, group financial director of Dunford, has been appointed to Mr. Edwards' former post as managing director of the steel companies.

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ONCE YOU'RE IN TUNE YOU HAVE TO HARMONIZE. SANWA BANK
Advertisement for Sanwa Bank with a large image of a harmonica.

JP K... SA
Advertisement for JP K... SA with a stylized logo.

Faith, hope but little charity

BY PETER RIDDELL

DIAGNOSTICIANS OF the English disease have a new symptom to discuss—the decline of the charitable impulse. While the number of charities continues to grow at about 2 to 3 per cent a year, with a total of probably around 130,000, the importance of personal donations has been steadily declining. This is highlighted in an illuminating article by Peter Falush, a business economist, in the latest issue of the National Westminster Bank quarterly review.

Apathy

Donations by individuals—whether alive or in legacies after death—has declined from 50 per cent of charities' incomes in the mid-1930s to 36 per cent in 1975. Mr. Falush argues that this trend towards a pattern of collectivised, de-personalised giving is a sign of the times and may be witnessing a self-feeding cycle of public apathy. The striking feature is the decline in personal donations is not merely the result of the recession and the tight squeeze on personal disposable incomes of the last couple of years, but can be traced back earlier. According to the Family Expenditure Survey, donations by households rose by nearly 80 per cent between 1968 and 1975 to £165m—or roughly 16p weekly per household—but personal disposable income increased by nearly three times in the period.

The gap between the two has widened during this decade as the proportion of households recording charitable donations has declined from 40 per cent in 1970 to 35 per cent in 1975. Even when allowance is made for the under-representation of higher income groups in the Family Expenditure Survey, personal donations are a much lower share of disposable income than for earlier generations. The same picture is shown by the money raised by street collections in London. Individuals have, however, been more generous after their death and amounts left by legacies—notably to churches and the old-established national charities—have still been growing rapidly. But this has not been sufficient to reverse the overall decline in the relative importance of individual donations both for the donor and the charity.

TV Radio

↑ Indicates programme in black and white. 6.40-7.55 a.m. Open University (UHF only). 8.40 For Schools. Colleges. 10.45 You and Me. 11.05 For Schools. Colleges. 12.45 p.m. News. 1.00 Pebble Mill and Dig This. 1.45 Playboard. 2.05 For Schools. Colleges. 2.20 Glas. Dorian. 2.53 Regional News (except London). 3.55 Play School. 4.20 Inch High Private Eye. 4.40 Animal Marvels. 5.10 Desert Adventure. 5.35 Fred Bassett. 6.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.50 Sportswide.

F.T. CROSSWORD PUZZLE No. 3379

Grid for crossword puzzle with numbers 1-29 and letters A-Z.

ACROSS: 1 Bird with beast is rambling and incredible (4-4). 7 Rubbish that's right to put back (3). 9 Deserve to earn a reward (5). 10 Varying price upon rodent with more than one spine (9). 11 Orthodox member in position at Lords (6-3). 12 Doctor with one foot in underground excavation (5). 13 A welder upset by one direction of 12 (7). 14 Bound to return it to editor (4). 15 A bit of leg from young beast? (4). 16 Being more irritable, has a row (7). 17 Terminal part of clear thinking (5). 18 Legal claim by worker is not sinister (5-4). 19 Permeating to make repentant (9). 20 Caught with nothing but spice (5). 21 Grain from Kent? (3). 22 Remark about role in division (11). DOWN: 1 River I fish in underwear (8). 2 Drink noisily with learner in merry-ground (8). 3 Later chance? (5). 4 Spotted viceroy accepting fruit (7).

NORTH SEA OIL REVIEW

GIVEN A measure of good fortune, lacking in the past couple of years, the oil platform construction industry should receive a clutch of new orders over the next 12 months or so. But even these contracts will not be enough to fill the fabricating capacity which month by month is becoming increasingly under-used. This is a point made in a significant report on the Scottish industry and offshore markets' just published by the Scottish Office at the request of the Scottish Economic Council and the Oil Development Council for Scotland. The report is noteworthy for it recommends that the Government should close two platform sites which have so far failed to win any orders. These yards, at Hunterston and Portavadie, were the ones backed by the Scottish Office and the Department of Energy to the tune of £25m in loans and grants when it was felt that Britain was in danger of losing contracts for concrete platforms to overseas companies. A joint standing committee of the SEC and Oil Development Council concluded that there was no case for proceeding with further investment in platform construction facilities in Scotland, nor in 'maintaining yards that had not so far proved themselves capable of winning an order.'

Not surprisingly, the Government disagrees. Having committed itself to Hunterston and Portavadie it feels the two sites should be kept open 'to add to the range of designs available in the U.K.' Providing the Government does not interfere in the commercial tendering process, to encourage the use of these two yards at the expense of others (and there is no sign of this) this attitude is reasonable in the light of few orders on the horizon. But the prospects for Hunterston and Portavadie cannot be bright. Nor can they have been enhanced by this report which, from the Government's point of view, contains some embarrassing references published at an inopportune time. After all, in the past week the platform industry and the Energy Department's Offshore Supplies Office have been using the platform of the Offshore Technology Confer-

ence in Houston to sing the praises of Britain's capability. As Dr. Dickson Mabon, Minister of State for Energy, said in between them but even here Texas: 'Having become a major oil producer, we want to become a major world supplier of oil-related equipment.' That in Kishorn, is due to complete the big central platform for Chevron's Ninian Field this autumn. 'We have had to learn a difficult skill very fast,' he added. The report makes some cogent remarks about the speed of North Sea oil development: 'Too many companies at one time felt encouraged to establish platform and module construction facilities on the basis of what proved to be incorrect estimates of the probable pace of development.'

U.K. PLATFORM YARDS AND CURRENT WORKLOADS FOR LARGE STRUCTURES

Table with columns: Company, Yard, Platform type, Yard capacity, Current workload, Completion date.

* Letter of intent. ** To be towed to Norway for completion in June/July

tion methods—the tension-legged platform. The company that it plans to build the Shell/Esso continues to work on extension and ant-extension and ant-extension. Although it was assumed that Cormorant would be given priority, with open decision this is still possible that it come first. These projections in orders that might come developers of smaller British Petroleum, taking over the operation of the Buchan Field, is to opt for a floating system, such as a semi-submersible rig, at the initial stage of the rig's production. So little hope for platform structures there. Mesa Petroleum affirmed that it will submit to Government to develop the Beatrice-Moray Field. Here more encouragement for platform structures which would be required will be a northern North Sea site. What the ordering will be after the summer 1978 is anyone's guess. Andrew, North West and Maureen are an known fields which will be developed. Whether in these reservoirs will be through to platforms or whether companies will adopt some new technology remain seen. The Ekofisk blow-out influence Government and, possibly, the construction of platforms. One of now being considered establishment of accommodation platform large fields—a possible development on the Anglo-Stafford Field for instance. It is to be hoped the Government is so consider accommodation forms it will concentrate purely on the safety a not use Ekofisk as a force oil companies more platforms than require. The Government already involved its platform construction with the result that the over-capacity. It should further unnecessary merely to help justify costs.

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RACING

BY DOMINIC WILSON

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Marie Mancini for an upset

IN SPITE OF the obvious claims of Betsy Ross and Lady of the Wood I believe it may pay racegoers to take a chance with Marie Mancini in this afternoon's Sandeford Priory Stakes over a mile and a quarter at Newbury. This fine looking filly by Roi Soleil out of Winter, a good winner over 1 1/2 miles in France, has had only one race to date. A fortnight ago she had a particularly promising run in Ascot's one mile Golden Hinde Stakes. In the mid-division of that 17 runner event for most of the way the Jersey Tree trained Marie Mancini came through strongly in the closing stages, and at the post was a respectable fifth behind Fuchsella. She is certain to be all the better for that run and can cause an upset by accounting for Betsy Ross, one of Ryan Price's Oaks hopes. A second-high-class Price-trained filly in action today is repoussing event, Major Green, Night Nurse, while 16 Grand Run after his 16th Grand National win.

SALEROOM

BY ANTONY THORNER

BY ANTONY THORNER

BY ANTONY THORNER

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Record £105,000 for violin

A WORLD record auction price for a musical instrument of very different kind was established at Christie's, South Kensington, yesterday where a Biqueux Doll by a 17th century dandy was sold for £2,750, a new high for continental Biqueux dolls. The record was set by a 17th century doll, bearing the name of 'Er Adman' after the famous French actor, which was sold for £2,750. The sale brought in a total of £1,080 for a four piece tea and coffee set and Belgravia in an antique room was more modest, bringing in £42,465 for oak paneling and metal work. A Dutch oak cabinet went for £3,400, a 17th century set of 12 17th century oak dining chairs, a composite Melrose and a 17th century Melrose set of 12 pieces, £2,000. The sale was a party, 17th century style, with a menu of 82 pieces, £2,000.

Sex and race comic in demand

DEAR Sir—The controversial traces young blacks as young whites. The comic has had in new stocks to cater for the demand for a more continental flow of orders from Hong Kong, Jamaica, New Zealand, Singapore, Colombia, Australia, the European and African continent.

Handwritten note: JAY 100 1/2 50

EUROPEAN NEWS

Swedish salaried workers to strike

By William Dulforce
STOCKHOLM, May 12. CONFUSION prevails in the Swedish labour market following the collapse to-day of the joint negotiating front between the blue-collar and white-collar federations.

Some 3,000 salaried employees are due to take selective strike action from 6 a.m. to-morrow against domestic airlines, passenger ferries between Sweden and Denmark, a food distribution chain and a retail chain, without the planned support of 7,000 blue-collar workers.

The labour federation LO to-day accepted on behalf of its 800,000 members the official arbitrators' final offer of a 7.4 per cent wage increase in the central collective-bargaining negotiations. The salaried employees' federation PTK, which has been negotiating jointly with LO for seven months, rejected a 7.5 per cent offer on behalf of its 300,000 members.

Honecker attacks Western allies statement on Berlin

BY LESLIE COLTIT
BERLIN, May 12. EAST GERMANY'S leader Herr Erich Honecker and the Soviet Ambassador to West Germany, Mr. Valentin Falin, have attacked Monday's Berlin statement by the three Western allies and West Germany linking the "strict observance and full implementation" of the 1971 Four-Power agreement on Berlin with the continuation of détente.

Dubious Chiasso ties known for seven years

ZURICH, May 12. THE SWISS Banking Commission to-day said Credit Suisse knew in 1969 that its branch office in Chiasso was granting unauthorised guarantees on investors' funds channelled to the Texon holding company in Liechtenstein.

North-South deal starts take shape in Paris talks

BY ROBERT MAUTHNER IN PARIS
THE GENERAL outline of a package deal between the industrial and developing countries in the Conference on International Economic Co-operation (CIEC) in Paris is beginning to take shape. But Ministers from the 27 participating countries will still have to make Herculean efforts to reach an agreement at their final three-day meeting from May 30 to June 1.

Italian Minister denies new taxes are needed

BY DOMINICK J. COYLE
ROME, May 12. SUGGESTIONS by Italian Prime Minister Giulio Andreotti, that fulfilling Italian undertakings to the International Monetary Fund (IMF) would require an additional L2,000bn. (£1.33bn.) in new taxes this year, have now been effectively disowned by Budget Minister Filippo Pandolfi.

Backing for Commission's plan on jobs

BY PHILIP RAWSTORNE
STRASBOURG, May 12. THE EUROPEAN Parliament to-day gave its support to Commission plans to broaden the attack on unemployment next year through the Community's social fund.

Finnish wave of strikes ends

HELSINKI, May 12. THE WAVE of strikes that has beset the Finnish economy since early March, when negotiations at central federation level between the employers and unions broke down, finally ended late last night.

Co-ordinated

Both sides have been guilty of hypocrisy in the manner in which they have conducted the negotiations. Though the conference opened in a blaze of publicity as long ago as December 1976, the industrialised countries did not begin to prepare their positions seriously until after the U.S. presidential election and, even now, still do not have a co-ordinated position on several important issues.

Benn calls for Soviet energy role

By David Satter
MOSCOW, May 12. BRITISH ENERGY Secretary Tony Benn said to-day that Soviet officials are confident the Soviet Union will have enough oil to meet its needs in the 1980s, and that serious financial energy plans must take into account the vast Soviet energy resources.

French criticisms of U.K. role in EEC rejected

BY DAVID CURRY
PARIS, May 12. THE BRITISH ambassador to Paris, Sir Nicholas Henderson, has taken the unusual step of writing a long letter to the leading French daily newspaper, Le Monde, to reject French criticisms of Britain's role in the Common Market.

Nine un-secure

By David Buchan
BRUSSELS. THERE IS little the mission can do to a organised, criminal of nuclear materials, Mr Haferkamp told the press to-day.

International aid for Egypt

By David Curry
PARIS, May 12. INTERNATIONAL aid to cover Egypt's \$500m. external financial deficit for this year was assured, Mr. Mamir Benjank, the World Bank vice-president for Europe, the Middle East, and North Africa, said to-day at the close of a meeting here between Egyptian Ministers and 11 international organisations which are creditors of Egypt.

Vance sees King and Suarez

BY ROGER MATTHEWS
MADRID, May 12. MR. CYRUS VANCE, the U.S. Secretary of State, left Madrid this afternoon after a visit of less than 24 hours during which he met King Juan Carlos and his Prime Minister, Sr. Adolfo Suarez to discuss the results of the NATO talks in London earlier in the week.

Europe integration tops EFTA agenda

BY PAUL LENDVAI
VIENNA, May 12. THE FUTURE of European integration and relations with Spain and Yugoslavia are among the main questions to be discussed at a summit meeting of the European Free Trade Association (EFTA) which begins here to-morrow.

BEKAERT in 1976
Zwevegem, Belgium
—A consolidated turnover of £360.479 million
—£20.257 million capital expenditure
—51 factories in 15 countries (inclusive of indirect participations)
—20 own sales offices all over the world
Consolidated results of the Bekaert Group in £million*
Breakdown of consolidated turnover 1976 by activity sector
Geographical breakdown of consolidated turnover 1976
Results of the parent company N.V. Bekaert S.A.

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AMERICAN NEWS

Witteveen warns on need to adjust exchange rates

DAVID BELL

Mr. Johannes Witteveen, Director of the International Monetary Fund, said in Holland, Dr. Witteveen noted that last month's interim committee meeting of the Fund has an "important additional responsibility in supervising the working of the adjustment process" that would help to secure "competitiveness for nations. But he conceded that the Fund has not yet agreed on a new set of guidelines under which it will be able to exercise "surveillance" over the exchange rate policies of member countries. In his speech Dr. Witteveen left no doubt that future borrowers will find that their exchange rate policies are closely scrutinised before loans are finally approved.

But exchange rate policies would not be the only factors to be taken into account. "Another lesson to be learned is that exchange rate depreciation must be accompanied by measures designed to restore domestic price stability if improvement in balance of payments performance is to be achieved." A whole range of policies should be considered and it might also be time to re-evaluate the principle of "indexation" which permits price increases that originate in the external sector to be too rapidly translated into new domestic costs.

In the end, meanwhile, there was no substitute for proper fiscal and monetary policies "which must make room for the transfer of resources into the external sector on a continuing basis," he said.

The Managing Director had little new to say about the proposed new IMF facility to help developing and developed nations with persistent balance of payments problems. He said that the interim committee last month had approved the idea of an increase in fund resources, and he was hopeful that such extra liquidity would "contribute substantially to the stability of the world payments system."

WASHINGTON, May 12.

As a result he said, "all one can say in this regard is that exchange rate adjustment in circumstances of continuing inflation will never be easy. However, if such adjustment were too long delayed it is more likely to be disturbing to confidence than one that is brought about in a timely manner."

Dr. Witteveen noted that last month's interim committee meeting of the Fund has an "important additional responsibility in supervising the working of the adjustment process" that would help to secure "competitiveness for nations. But he conceded that the Fund has not yet agreed on a new set of guidelines under which it will be able to exercise "surveillance" over the exchange rate policies of member countries. In his speech Dr. Witteveen left no doubt that future borrowers will find that their exchange rate policies are closely scrutinised before loans are finally approved.

But exchange rate policies would not be the only factors to be taken into account. "Another lesson to be learned is that exchange rate depreciation must be accompanied by measures designed to restore domestic price stability if improvement in balance of payments performance is to be achieved." A whole range of policies should be considered and it might also be time to re-evaluate the principle of "indexation" which permits price increases that originate in the external sector to be too rapidly translated into new domestic costs.

In the end, meanwhile, there was no substitute for proper fiscal and monetary policies "which must make room for the transfer of resources into the external sector on a continuing basis," he said.

The Managing Director had little new to say about the proposed new IMF facility to help developing and developed nations with persistent balance of payments problems. He said that the interim committee last month had approved the idea of an increase in fund resources, and he was hopeful that such extra liquidity would "contribute substantially to the stability of the world payments system."

All Street forecasts in prime rates

STUART FLEMING

NEW YORK, May 12.

CONVICTION that commercial prime rates will be increased from 12 to 13 per cent. is the message through Wall Street. Most of the recent increases in prime interest rates are being followed by the rate-banks charge customers for loans. The Federal Reserve has not moved to tighten credit. They point out that the prime rate has been raised twice in the past two weeks. The Federal Reserve has been increasing its intervention in the federal funds market. Short-term rates have also moved in the Fed's point was a fairly large percentage point. Increases have been recorded in free market interest rates. This morning the New York market interest rate was 12.10 per cent. Commercial paper was 11.50 per cent. Two weeks ago the rate in this market was 11.00 per cent. Analysts point out that if the rate rises to 13 per cent, it is likely to be followed by a rise in the rate on which base

their prime rates on a formula, such as Citibank, will be obliged to increase prime rates within the next two weeks if they stick to the formula.

Citibank, the second largest U.S. commercial bank, has a prime rate formula based on a three-week average of the 90-day commercial paper rate. Some analysts suggest that, according to this formula, Citibank will increase its prime rate to 13 per cent. by next week. The formula will demand an increase.

Even if Citibank does not move, some analysts anticipate that banks which do not use a formula to adjust prime rates may begin an upward movement in the backcountry in continuing uncertainty about whether or not the Federal Reserve is again in the process of firming credit policy. Over the past two days some analysts have claimed to detect evidence that the Fed may be easing the federal funds rate, the key rate on interbank reserves, higher again. Such a movement would be designed to slow the growth of the money supply which, measured in terms of cash and current accounts, grew at a 22 per cent. annual rate in April.

Consumer confidence in the U.S. weakens

By Our Own Correspondent

NEW YORK, May 12.

AMERICAN CONSUMERS are showing signs of weakening confidence in future business and economic conditions according to a study released today by the Conference Board.

The Conference Board's report coincides with a detailed analysis of business confidence by the Wall Street Journal, which also suggests that the growth of consumer spending may slow down in coming months because of the debts consumers have accumulated to pay for earlier purchases.

Consumer spending is seen as a key economic indicator because it accounts for approximately two-thirds of all expenditure in the U.S. and has been responsible for the recovery of the U.S. economy over the past two years.

Ironically in view of these forecasts, the Chairman of Ford Motor Company, Mr. Henry Ford II, forecast that U.S. sales would be higher than previously predicted. Speaking at the company's annual meeting Mr. Ford raised his company's forecast for the U.S. car sales in 1977, including imports, from 10.9m. to 11.2m. roughly in line with General Motors' forecast of 11.25m. and slightly higher than the 11m. forecast by the third leading U.S. motor manufacturer, Chrysler. Car sales have been the strongest sector of consumer

THE NORTH AMERICAN GAS DEBATE

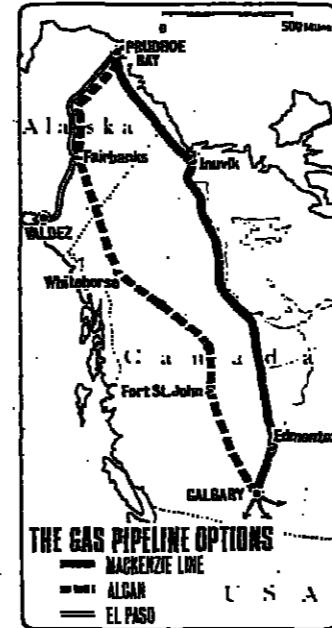
Battles and pipe dreams

BY WOLF LUTKENS, RECENTLY IN OTTAWA

NEXT TO a good rough game of hockey, what Canadians seem to enjoy most is a good rough fight to decide whether, where and when to build a pipeline.

The far will fly this summer now that a judicial inquiry under Justice Thomas Berger has recommended that no pipeline should ever be built between the Alaskan border and the Mackenzie Delta, on the grounds that it would irreparably upset the delicate balance of nature there. In addition the Berger Commission advised the Government to delay for 10 years any pipeline in the Mackenzie Valley in order to clear up the many difficulties involved, and in particular the claims to land ownership of the Eskimo Indian and Mett (half Eskimo) people in the area.

If accepted these recommendations would kill an \$8bn proposal to pipe gas from the Alaskan north slope to the Mackenzie Delta, to pick up there the Canadian gas that is available in the delta and Beaufort Sea and to move them south to the markets in the industrial heartlands of North America. But the Berger Commission was appointed to report on the social and ecological implications of that proposal for only the north—not on the economic need for such a pipeline in the interests of Canada as a whole. That report will come from the Canadian National Energy Board in the summer. It will then be up to the Government to take into account both reports and the external considerations since the U.S. is involved both as owner and as consumer of the Alaskan



gas. Ottawa will find it very difficult to ignore the Berger Report—but it is as well to remember that environmental considerations may no longer be the only factor.

The financing of the two proposals is still not final though the Mackenzie line is much more advanced. It will probably require Government warranties in case of cost overruns which brings an additional element of uncertainty into the matter. The plan provides for \$1.9bn. equity including a small issue of convertible Canadian private placements and public offers of \$900m. U.S. private placements of \$250m. Term loans and supplier credits would bring the total to \$7.5bn.

For the more distant future there is a proposal to bring gas from the islands in the Eastern Arctic. It is believed that with 90 per cent. probability, 24 trillion cubic feet of gas exist in that area, compared with a total Canadian production of 2.6 trillion cubic feet in 1976.

Experiments in building feeder lines to a possible collecting point on Melville Island are to begin this autumn but the gas could not come to market before the late 1980s, at the earliest. There are rival proposals for liquefying it and shipping it to a revapourisation plant on the Canadian Atlantic coast, or for a pipeline west of Hudsons Bay. Clearly there is scope for a great deal of hard arguing and fighting. Hence it is argued that all

have the overriding importance in Canadian minds that they had before the recession, and that for a variety of reasons Ottawa is more considerate of United States wishes than in the past.

Protagonists in the battle are on one side, Arctic Gas, a joint venture of Imperial Oil (Exxon), Shell, Gulf and a group of

Panel supports N-plant

OWN CORRESPONDENT

WASHINGTON, May 12.

IMPORTANT House of Representatives Committee last week voted to go along with the Clinton River to plant, but would not be authorized to pay for commercial development.

However, supporters of the Administration position said that by voting the extra money the committee was tacitly backing the whole project, which was expected to come into full operation in the late 1980s. It is designed to burn reprocessed plutonium as a fuel and breed additional plutonium which could be used as a fuel.

Rep. Flowers said that the committee might yet change its mind after hearing testimony from Administration officials who are to argue the case for cutting back the Clinton River project. Without the money voted yesterday the project would be reduced to an experimental basis.



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BRITISH GAS

Protest at Bolivia grant

CHRISTIAN TYLER

BRITISH National Union workers (NUN) hopes to see the British Government through the Trades Union Congress to halt a £19m grant to Bolivia, which would be used to develop "liberties" in the country.

Mr. Toon, at risk of imprisonment and exile, said Mr. Toon, who was accompanied by Mr. Ted McKay of North Wales and Mr. Joe McKie of the Midlands, said the party had joined a procession inside Santiago cathedral in Chile on May Day, with leaders of banned organisations. There had been a moving response from the 3,000 people in the cathedral, he said. The three NUN men yesterday met Mrs. Judith Hart, Minister of Overseas Development, to report their findings and press for action.

Hugh O'Shaughnessy added: The grant was announced as a fact by Presencia, the 17. But, Bolivian daily, on March 17, in answer to a question in the House of Commons, Mrs. Hart said that a final decision had not been taken on the project. It was to have involved the vision of mining state mining companies. Instead of repaying the cost of this equipment to Britain, Comibul was provided with housing and other social services for Bolivian miners.

Canada price index rises

Walter Mackie

OTTAWA, May 12.

CONSUMER price index for May rose by 0.8 per cent. to 157.0 from 156.2 in April 1976 and the total index for 1977 is 157.0, a 7.3 per cent. increase from the 1976 level. The Government's target for inflation is 7 per cent. by the summer of 1977.

Minister Donald Macdonald acknowledged in his report that the Government was going to fall in line with the target.

Venezuelan line on trade backed

By Joseph Mann

CARACAS, May 12.

GEN. JORGE VIDELA, the President of Argentina, said here last night that Argentina here supported Venezuela's rejection of trade discrimination with the oil-rich country that it opposed "artificial barriers obstructing our own expansion."

Gen. Videla's three-day visit to Venezuela which began yesterday is seen as an attempt to improve the image of his administration with President Perez of Venezuela, who heads the wealthiest government in Latin America, and to strengthen commercial ties.

July 1977

Telephone bills: customer rebate.

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A once and for all credit of £7 will be given on the first telephone bill that customers receive after October 1st. It will apply to customers on the phone at that date who were also connected on May 4th, when the announcement was made. And the rebate will be paid for each exchange line in service. For example, a householder with one line will receive a £7 credit. A business customer with ten lines will get £70.

And in addition Cheap Rate local calls will be even cheaper—

The time allowed for 3p on a Cheap Rate local call will increase from 8 minutes to 12 minutes on August 1st.

The Post Office Users National Council concurs with these proposals.

These benefits are in addition to the stability in our prices—unchanged since October 1975—which we hope to maintain until at least 31 March 1978.

Post Office Telecommunications

The Property Market

BY QUENTIN GUIRDHAM

Peachey odds against Sir Eric

At noon today in the Portman Hotel, London, shareholders of Peachey Property Corporation meet to decide if they want Sir Eric Miller to continue as a director. He is the man to thank for the growth of Peachey over the past 15 years, had been chairman from 1967 until March, and had brought the company through the property crisis of 1973-75 in relatively good health. Peachey members still get dividends, covered by earnings which are not inflated by capitalising development interest.

Asking the shareholders to vote out Sir Eric, having failed to persuade him to resign, are the three other directors, headed by the new chairman Lord Mais. He has a distinguished record of public and private service, is a chartered surveyor and structural engineer, worked for Richard Costain before the war, Trollope and Collis afterwards, ending as chairman and joint managing director. During the war he had escaped from France in 1940 and come back on D-Day as a designer of the Mulberry harbours. He has been Lord Mayor of London. His directorships include the Royal Bank of Scotland.

They also included, toward the end of his career—at 65 he is 15 years older than Sir Eric—the Lyon Group, one of the first heavy casualties of the pro-

erty collapse, and banking operation. Stealing Industrial Securities, where as chairman he is still in the process of unravelling the excesses of the early 1970s.

Sir Eric's supporters talk of the affair as a matter of backing winners or losers, Miller, they point out, saved Peachey from the worst crisis in the post-war property market. The opposition, says Mr. Ernest Clay, like Miller a director of Fulham Football Club, and a major shareholder in a Peachey associate company, have given no proof that they are money makers. The man they wish to depose "is a winner, with a record to prove it. If he had been a racehorse the Aga Khan would have been bidding for him."

The obvious corporate parallel to this boardroom row is the Lonrho affair of 1973. Then there was the same talk of backing a winner in "Tiny" Rowland, the same accusations of treating a public company as a private empire, of massive personal expenses. There were similar political undertones. Two thousand Lonrho shareholders went to Central Hall, Westminster, and swept Rowland home three-to-one.

But this time the majority of the Board has made more serious allegations against the unorthodox entrepreneur. They have issued a writ against him for £130,000 which he maintains was expended in the company's interest; they and the auditors, are unsatisfied on a separate issue about £144,832 of expenses and assets against which Sir Eric has so far paid £50,000; they say there are more bills to come. There is also a clear doubt

whether Sir Eric has the Lonrho chief's will to survive in his company. He has already stepped down as chairman and managing director, giving as his reason the bad publicity affecting the company, his family and himself. Since then the publicity has become much fiercer. And, crucially, Sir Eric faces much heavier odds.

Lonrho was shunned by institutional investors and the decision lay with private shareholders. Peachey is about half owned by the institutions. It groups may find it hard to show where their profits derive from in any year. Peachey's latest accounts are at least as informative as the bulk of property companies, but in the past they have had a reputation for sparse information and, a reputation which continues, for being produced at a late date. Nine to ten months after the year end has been a common gap with Peachey back to the early 1960s, when it used to vie with Jaguar Cars as the slowest with Jaguar Cars as the slowest producer of figures. There are over 400 subsidiaries, and 80 per cent of the group's assets and 66 per cent of the group's income relate to companies audited by firms other than Price Waterhouse.

The style of Peachey management—pursued by Sir Eric Miller has, in this respect, been consistent with the company's origins. Peachey was a sleepy building company revived after the war by two residential property magnates, Christopher Hutley and George Farrow.

In the post-war period they saw the opportunity of buying residential estates and blocks of flats wholesale and, as well as

remain in office should a replacement director not be supported. The Board has nominated this replacement, Douglas Chance, senior partner of chartered surveyors Bell-Ingram, a name put forward, apparently, by the Sun Alliance, and an indication that the institutions did not see the need for a new chairman. Sir Eric is voted off, the vacancy has, under the Articles, to be filled immediately, so there are two key votes, not one.)

That today's events concern a property company, and London's an international trading company, is in one sense no coincidence. Many property company accounts are anything but informative, just as trading groups may find it hard to show where their profits derive from in any year. Peachey's latest accounts are at least as informative as the bulk of property companies, but in the past they have had a reputation for sparse information and, a reputation which continues, for being produced at a late date. Nine to ten months after the year end has been a common gap with Peachey back to the early 1960s, when it used to vie with Jaguar Cars as the slowest with Jaguar Cars as the slowest producer of figures. There are over 400 subsidiaries, and 80 per cent of the group's assets and 66 per cent of the group's income relate to companies audited by firms other than Price Waterhouse.

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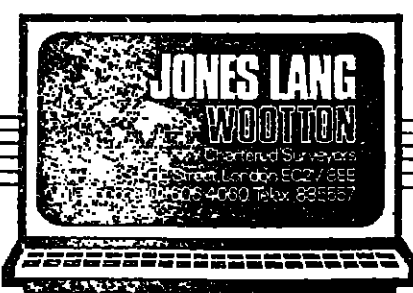
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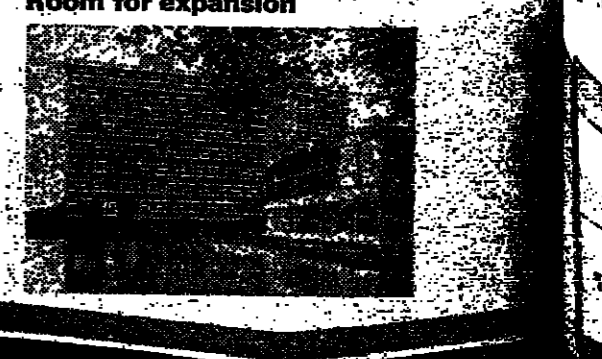
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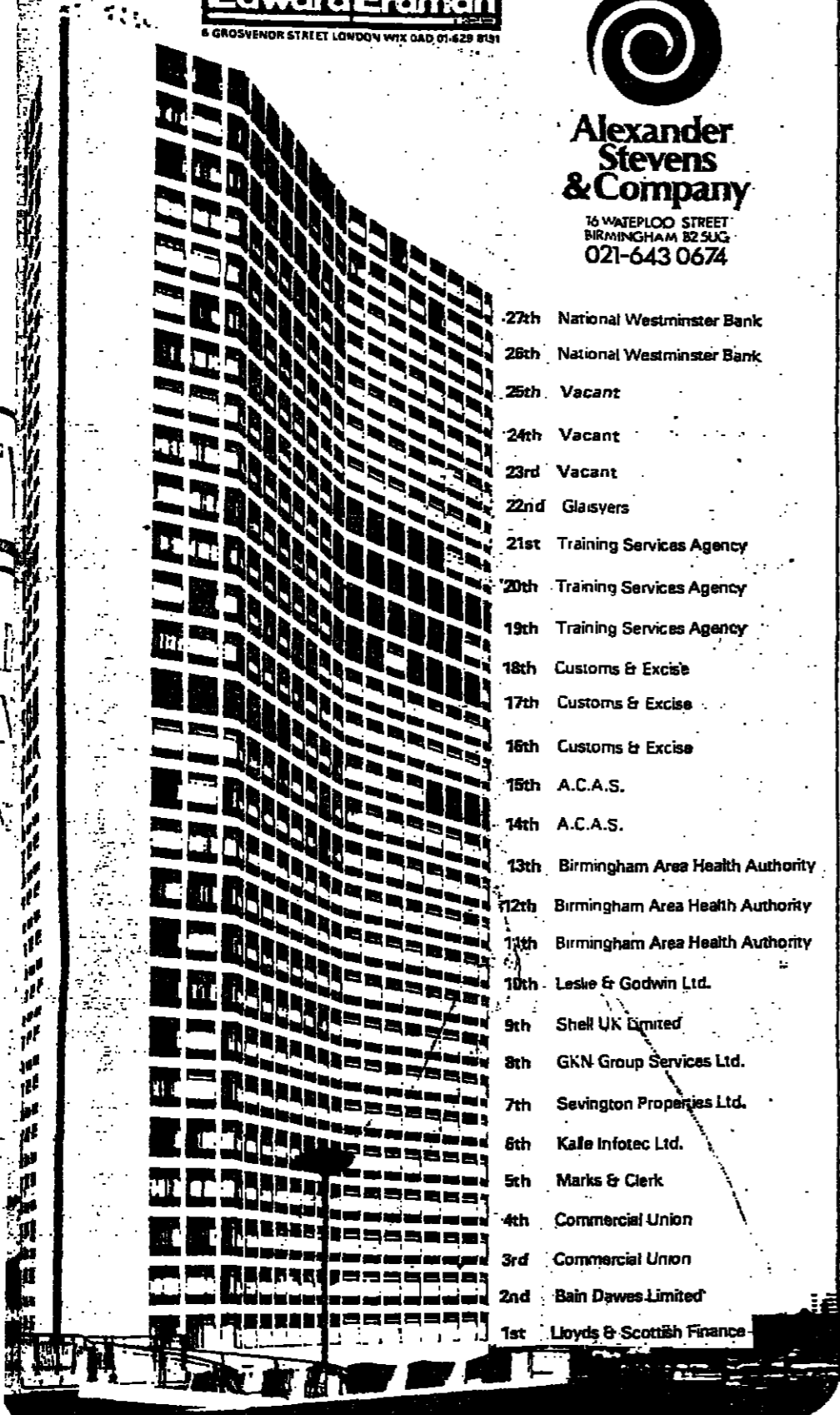
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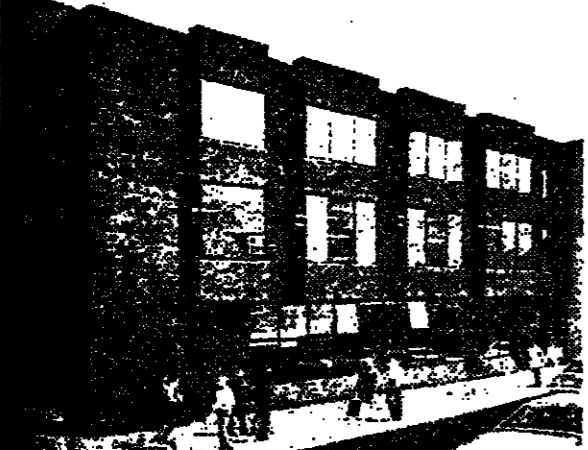
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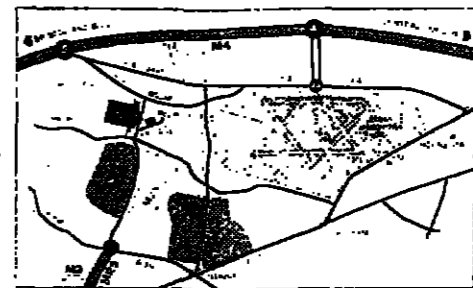
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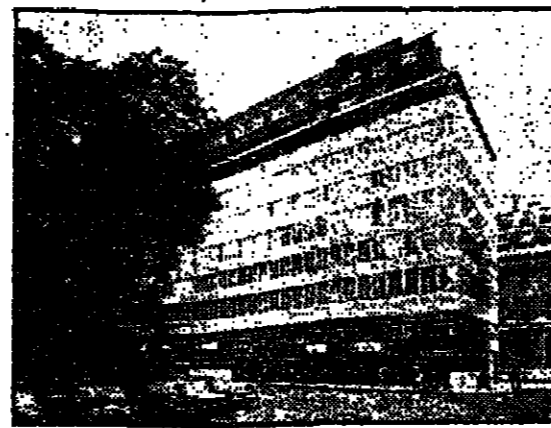
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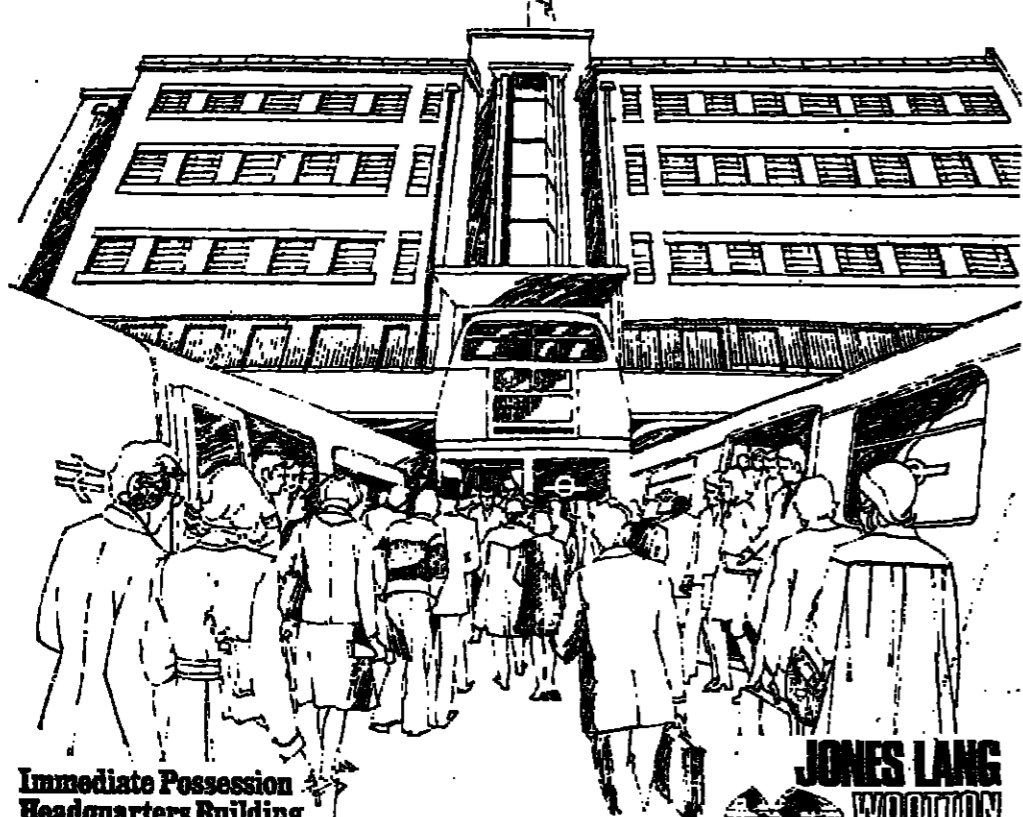
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MIDDLESEX: Grange House, Industrial and Office Property, 97 Chiswick Road, W7 2EN. Tel: 0181 910 910.

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PROPERTY NOTICES: JUSCO CO. LIMITED. NOTICE OF 25th ANNUAL GENERAL MEETING. The 25th Annual General Meeting of the company will be held at the Grosvenor Hotel, Grosvenor Gardens, London W1A 3AB on Thursday, 19th May 1977 at 10.00 a.m.

INTERNATIONAL PROPERTY: The Financial Times is planning to publish a Survey International Property. The provisional editorial basis and date are set out below. Monday, 30th May, 1977. Introduction: The slow pace of world economic recovery has prevented any quick revival in property values...

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Business and Investment Opportunities: Every Tuesday and Thursday. Rate: £15 per single column centimetre. Minimum 3 centimetres. For further information contact: Francis Phillips, Financial Times, 10 Cannon Street, EC4P 4BY. Telex: 685303. 01-248 8000, Ext. 456.

HOME NEWS

Trinity House Board plans to co-opt 'outsiders'

BY GERRY BUTCHER

THE CORPORATION of Trinity House, founded by royal charter from King Henry VIII in 1514, is also a charitable organisation for financially distressed mariners.

Trinity House, founded by royal charter from King Henry VIII in 1514, is also a charitable organisation for financially distressed mariners.

Rumblings about the efficiency of Trinity House as a pilotage authority have been going on for some years.

It is its own case for the re-organisation of the pilotage service, mainly supporting the Government proposals.

simply be a self-perpetuating version of the Trinity House Board, drawn from the 300 "younger brethren"—master mariners or senior naval officers who may have little up-to-date experience of mercantile needs.

£208 rise given up by stores chairman

A SUPERMARKET chief yesterday handed back his £208-a-week pay rise and said he would make do with £4 like other workers.

Steel stocks drop to 5m. tonnes low

BY IAN HARGREAVES

STOCKS OF steel in the U.K. are at their lowest level since the energy crisis in 1973, according to quarterly statistics from the Department of Industry.

sure on the cash flow of business in manufacturing industry and, perhaps, a somewhat higher degree of confidence in the Corporation's ability to deliver and top up stocks when the situation becomes more pressing.

continued into the present quarter. Steel production figures, issued by the Corporation and the British Independent Steel Producers' Association, confirm the persistence of poor demand for plate, used primarily in shipbuilding, and in mill-derived products, a major material for the construction industry.

Arbrook expands Scottish factory

Arbrook Products, Johnson and Johnson's hospital and medical equipment subsidiary, plans a £5m. extension to its facilities at Kirkton Campus, Livingston, Scotland.



A Royal Netherlands Navy contingent which has spent eight months with the intensive flying trials unit at the RN air station Yeovilton returned to Holland yesterday.

Burton faces half year's pre-tax loss of over £4.5m.

BY RHYS DAVID, NORTHERN CORRESPONDENT

BURTON'S rationalisation programme, including the sacking of 1,450 workers in its men's wear factories, has resulted in a first half pre-tax loss of more than £4.5m.

announced last month will cost the company a further £400,000 in redundancy payments and provisions and a stock reduction programme is taking a further £1m. out of profits.

Reliant cuts Robin output

FINANCIAL TIMES REPORTER

RELIANT MOTOR yesterday announced a cut in production of its Robin three-wheeler range and has proposed a voluntary redundancy programme to representatives of employees.

by between 120 and 140 and also to cut the staff establishment of about 350 by between 25 and 30 people.

"The squeeze on spendable income of the would-be Reliant buyer has been a very significant factor in a reduction of 30 per cent. in sales during the first four months of 1977, compared with the same period last year."

Bargaining rights agreed

By Our Labour Staff BARGAINING rights for some white-collar insurance workers in General Agents were agreed yesterday for the Association of Professional, Executive, Clerical and Computer Staff.

Mortgage defence

Mr Raymond Potter, chairman of the Building Societies Association, yesterday defended the recent decision to cut the mortgage rate by only 1 per cent.

New network

A. E. Edmunds, Walker, the national distribution arm of Associated Engineering, is establishing 36 centres for distributing engine parts.

Councils liable

Local councils are liable to householders whose new homes crack because of faults which council inspectors fail to spot during the building process, five rejected a contention by the Law Lords ruled yesterday.

Cold mill complete

Ducelle Steels plans to capture a further 20 per cent of the presswork market following completion of the first phase of a £1m. cold rolling mill project at its Short Heath, Wiltshire works in the West Midlands.

Citroen launch

Citroen has launched a luxury version of the CX model powered by a 2,547 cc engine and called the CX GTL. It features a Bosch Jetronic fuel injection system and electronic ignition to improve flexibility and fuel economy, and has a top speed of 117 mph.

Hand tool industry output lagging

BY KENNETH GOODING

BRITAIN'S hand tool industry has not increased output sufficiently in the past 10 years to retain its share of expanding world markets, according to the Federation of British Hand Tool Manufacturers in a report issued today.

In 1975, exports accounted for 44 per cent of industry sales of £120m., having improved from 33 per cent. in 1966. But imports had increased from 20 per cent. to 36 per cent. of U.K. sales.

Station exhibits

British Rail is providing space at 22 stations to allow companies to mount exhibits for the Queen's Silver Jubilee. The exhibitions will mark the progress of the companies' products in the past 25 years.

NOTICE

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ROYAL DUTCH PETROLEUM COMPANY (N.V. Koninklijke Nederlandse Petroleum Maatschappij) Established at The Hague, The Netherlands. FINAL DIVIDEND 1976. The General Meeting of Shareholders of Royal Dutch Petroleum Company held on 12th May, 1977 has decided to declare a total dividend for 1976 of N.fl. 10.00 (including the interim dividend of N.fl. 4.50 already made payable in September 1976) on each of the 134,018,522 outstanding ordinary shares...

BASF Aktiengesellschaft Ludwigshafen am Rhein. We are convening our 25th Annual Meeting of Stockholders on Thursday, June 23, 1977, 10.00 a.m. at the BASF Feierabendhaus, Leuschnerstraße 47 Ludwigshafen/Rhine, West Germany. Agenda: 1. Presentation of the Financial Statements of BASF Aktiengesellschaft and BASF Aktiengesellschaft and its Consolidated German Subsidiaries...

Optimism over air talks with U.S.

By Michael Donne, Aerospace Correspondent. BOTH SIDES in the American air talks, resumed in London on May 12, are hopeful that an agreement will be reached by mid-June 21, when the extension expires, and that there is no need for any cancel of Atlantic air services.

U.K. officials are more clear that provided enough progress could be made in the few weeks on the remaining outstanding issues they are prepared to extend the present pact for a few months or without amending it to a new pact to be signed in the summer.

The main outstanding issue is the division of the North Atlantic by U.K. and U.S. airlines, provision of methods to avoid the waste of man money and fuel. Also outstanding is the future of "8th free rights"—the rights of U.S. airlines to pick up passengers in London and Hong Kong and take them to other cities in the U.S. The right worth about £19m. a year to the U.S. is a year out of Hong Kong, and the U.S. has to give it—or have them cut—widely.

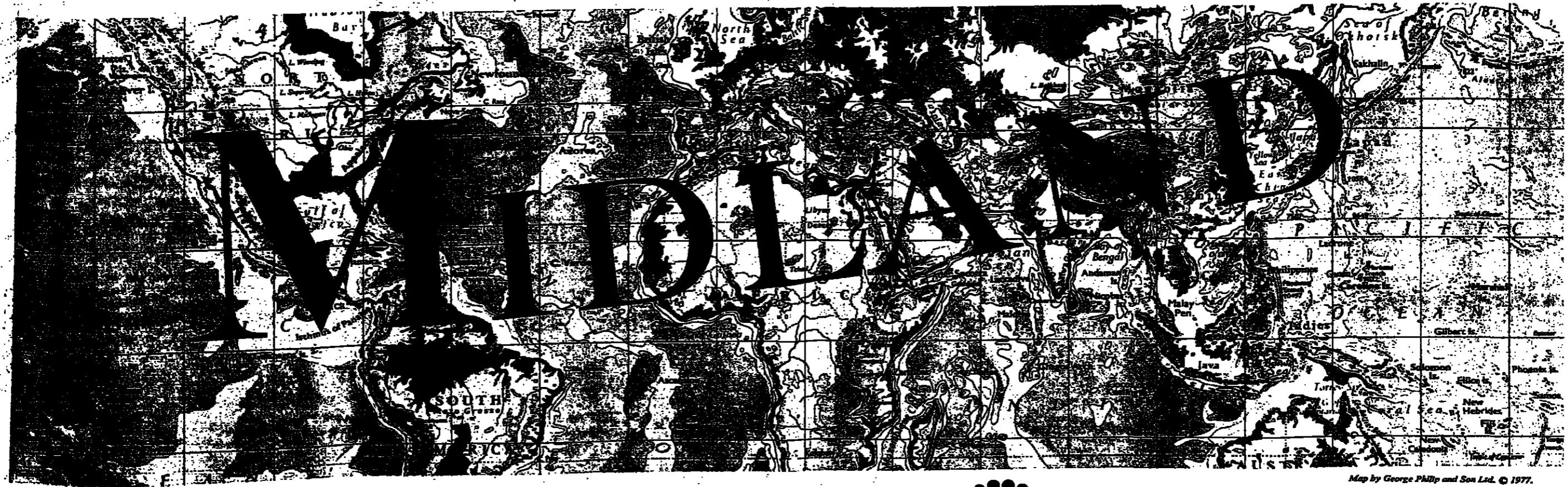
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Map by George Philip and Son Ltd. © 1977.

Midland Bank International  Delivers.

HOME NEWS

Regions press for bigger pay on spending

OUR NORTHERN CORRESPONDENT REGIONAL Economic Councils are to continue to press for a greater say in the allocation of government spending in English regions. Yorkshire and Humberside economic planning council has been told by the Government that although the council's strategy of greater regional services in the light of regional needs has been noted, it will be decided centrally in the light of general policy for the region.

Company takeovers rise during first quarter

OUR CITY STAFF COMPANY ACQUISITIONS rose in the first three months of this year compared with October-December, but in January there was a fall in the average price for companies, and the trend remains low. The number of acquisitions rose to 94 companies acquired, compared with 72 in the previous three months. The amount of money invested fell to £126.2m, from £138.2m in the previous three months. The largest single acquisition was the takeover by Wormald International Holdings (U.K.) of Mather and Platt for £31.4m.

Commons report proposes some extra railways

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT A report for British Rail to increase its passenger traffic by 20 per cent through a combination of service expansion and greater manpower efficiency is presented in a report in an early Commons select committee report on the role of rail in public transport. The report is a clear attempt to swing the balance of Government policy back behind the rail, and it is assumed that the report will influence transport policy consultations, the report says, against any further closure of railways and that in some cases construction should be given a preference to building new railways or upgrading existing ones.

Special case

Both trains and buses, where in competition, should however cover their "allocated costs," but other express buses should be entitled to Government subsidy on new vehicles and fuel. The committee wants to see inter-city services outside London expanded and believes this will increase traffic in financial benefits. It is critical of the predominance of London and the south-east in public transport spending and says the Manchester Piccadilly-Victoria Cross-City underground scheme should be allowed to go ahead. Consideration should be given to additional electrification schemes on the investment criteria outlined above.

Grant cut

The committee is in favour of a further round of capital restructuring for the railways. This could comprise writing off the remaining £50m of capital debt and inclusion of the principal renewal-cost depreciation in payments made by the Government under its Public Service Obligation grant. Under this system, the report

European fund grants £13m. to U.K.

BY CHRISTOPHER DUNN THE U.K. is to get more help from the Common Market for regional development. The European Regional Development Fund is to grant a further £13m. towards the cost of nearly 200 projects, the Department of Industry said yesterday. It is the second contribution from the Fund this year, bringing the total for 1977 to £18.2m. Since the Fund was set up in 1975, it has put about £113m. into Britain. Of the £12.5m. just over £5m. will go towards five industrial projects, three of them in the North of England. Carreras Rothmans will receive assistance in Darlington, Vickers-Mitchell Bearings in Newcastle-upon-Tyne, and British Rail Engineering in Shildon, Co. Durham. About £1.8m. will be put towards an industrial project in Northern Ireland. A further £5m. plus has been allocated for 191 projects such as providing water or sewerage facilities, roads and pipelines. The grant is normally 20 per cent of allowable expenditure.

COMMUNITY LAND SCHEME PLANS

Wales to spend £17m. in 4 years

BY OUR CARDIFF CORRESPONDENT THE LAND AUTHORITY for Wales is to spend more than £17m. on land purchases over the next four years, it was announced yesterday. The authority, set up to operate the Community Land Scheme in Wales, plans to buy about 3,180 acres of land for residential, industrial and commercial development. It said in its first strategy document that special emphasis would be placed on areas of high unemployment and specific locations related to major road and motorway programmes. Key areas would be the South Wales coastal strip stretching from Chepstow to Llanelli, and in North Wales the Deeside area stretching from Wrexham to Rhyl.

Munich patent office may open next year

FINANCIAL TIMES REPORTER THE European Patent Office in Munich is likely to open for applications next spring, according to the annual report published yesterday of the comptroller-general of patents, designs and trade marks. Establishment of the office is linked with the European Patent Convention, negotiated in 1973 but so far ratified only by Britain and West Germany, under which patent protection in up to 16 countries should be obtainable by means of a single application in one language. It seems likely that a sufficient number of countries will have ratified the convention by early summer to bring it into force. Other significant international developments in the report are on the trade mark side of the comptroller-general's responsibilities.

After August's publication of an EEC Commission memorandum on the establishment of a Common Market trade mark, a working party was set up. Negotiations will inevitably be long and arduous but the object of establishing a firmer basis for common trade is an important one, the report says. An EEC trade mark office would be needed and the British Government had suggested it be established in London. In the U.K., the general decline in patents activity seen since 1969 showed signs of slowing. There were 54,561 applications last year, 2.3 per cent more than in 1975, although the number of complete specifications filed was 1.8 per cent down at 40,806. Patents, Designs and Trade Marks, 1976; Commons Paper 318; SO; 51.

Laying down tracks for rail profits



Laying down tracks for rail profits: Mr. Russell Kerr, MP (left), chairman of the Commons Select Committee, and Mr. Peter Parker, chairman of British Rail, who presents his annual report next week.

The Government should set up a committee of inquiry into the terms of the Transport Act, 1975, which created them to see if they should be given greater powers. Efforts by non-Metropolitan authorities to support rail use should be encouraged by financial assurances and where rail fails a primary local function, direct payments should be made as part of the Transport Supplementary Grant. Such payments would have to be diverted from central public service obligation grant to British Rail and other public transport services other than rail. Passenger transport executives should improve consultation procedures with rail unions in order to avoid confrontation such as the one over the Tyne and Wear Metro. It would be "a tragedy" if the success of this "technically admirable" railway were jeopardised.

Exports plea

OTHER BODIES: Consumer consultation should be increased by strengthening powers of the Central Transport Consultative Committee and the Transport Users' Consultative Committees. Discussions should take place between British Rail and private industry to increase railway exports. The Department of Transport policy review unit should be strengthened to include transport professionals. The Government should defer its proposal for a central National Transport Council until the recommendations of the committees' report are implemented. The report's final paragraph states that, above all, railways need an expression of public confidence in their future and an assured base from which to develop future plans. Your committee wish to state clearly that they have such confidence. The Role of British Rail in Public Transport; Commons Paper 305-1; S.O. 2.10.

GLC plan

LOCAL AUTHORITIES: The Greater London Council should be designated a passenger transport authority and London Transport a passenger transport executive, giving these bodies powers to determine level and structures of fares and services on railways in Greater London. Irrespective of this, common fare scales, ticketing and zonal passes should be introduced for London Transport and British Rail Services. The report says the passenger transport executive system has worked well in the seven Metropolitan counties in which it operates, but that

Postmen may back wage restraint Engineers union plans new unification bid

By Alan Pike, Labour Staff in Eastbourne THE AMALGAMATED Union of Engineering Workers is to hold a special national conference in an attempt to make progress on its deadlocked plan for creating a single fully-merged union in the engineering industry. Conference delegates yesterday agreed by 48 votes to 20 to a re-convened meeting later in the year which they hope may have more success than seven years of effort by the union's amalgamated executive in suggesting acceptable methods of fusing the union's four largely autonomous sections into a genuine single body. The National Committee of the big engineering section has repeatedly refused to endorse proposals for a full amalgamation because of lack of agreement over the size of the new organisation's conference and, more importantly, the fact that officials of TASS (the white-collar staff section) are appointed for life and are not subject to periodic re-election. This is particularly unacceptable to engineering section Right-wingers since TASS, led by Mr. Ken Gill, a Communist Party member, pursues a consistently Left-wing line. The engineering section holds jealously to its long-established principle of re-election while TASS says that if this must be an automatic prerequisite of amalgamation it will consider possible mergers with other sections. Bitter argument In yesterday's discussion there was recognition that some way out of the present impasse must be found. Mr. John Baldwin, general secretary of the construction section, which had been very critical of the present state of the amalgamation, said rank-and-file delegates were thoroughly fed up that no progress had been made. He denied wanting to break up the amalgamation and urged delegates to "put away politics and work together for an agreed solution." Mr. Bill Ferrier, a delegate from the foundry section — the first of the three smaller sections to become part of the engineering union, questioned whether there was a real desire

Hansard again halted

PRODUCTION OF Hansard, the daily report on Parliamentary proceedings, and other Government publications was again prevented yesterday by a strike at a Government printers. Mr. Roy Grimham, general secretary of APEX which claims 140,000 members, said yesterday that a new agreement on incomes policy was the key to Britain's economic recovery. A reduction in the rate of inflation could be achieved by a package of measures including a general wage increase limit of 7 per cent.

Talks fail to solve union row with Trust Houses Forte

BY NICK GARNETT, LABOUR STAFF TALKS YESTERDAY between Trust Houses Forte and the Transport and General Workers' Union failed to solve the bitter dispute at the Night Out theatre-restaurant in Birmingham. The company and Mr. Alan Law, a T.G.W.U. regional secretary handling the dispute, gave up a little ground, however, and more talks are expected soon. The major stumbling block during the three-and-a-half hour talks was the union's demand for the unconditional reinstatement of a waitress whose dismissal started the dispute. Mr. Law hinted that a large offer of money as compensation might be acceptable, but returned to Birmingham saying the union and the company were "miles apart." Trust Houses Forte has said that it would not reinstate the waitress, dismissed after allegations that she was abusive to customers. The company is prepared to put the case to arbitration and Mr. Peter Chart, deputy personnel director of Trust Houses Forte, said yesterday that compensation had been discussed. So far the union has turned down the arbitration offer and is not happy about the kind of compensation the company has been talking about. "I think we've made some limited progress, but we are not yet in sight of a settlement," Mr. Chart said. The company is fighting, battles with the union at two other establishments, the Randolph Hotel, Oxford and the Grosvenor House in Sheffield. The three disputes follow a growing campaign of unionisation by the Transport and General Workers' Union. At Sheffield the dispute centred on a walk-out by 45 staff just before Christmas after nine months of talks about union recognition. The strikers have since been dismissed and new staff hired. Trust Houses Forte believe it is closer to a settlement there than at the other two premises. At Oxford there was a similar though smaller walk-out by staff with the dismissal of a number of chambermaids for allegedly refusing to work week-ends. The reinstatement of the union campaign in the wake of the three disputes is in the Midlands. More than 10,000 lorry drivers are part of an extensive "black-ing" of Forte establishments. Trust Houses Forte's 116 petrol stations at Corley has been forced to close because of a boycott of fuel and Blue Star Garages which shares some premises with Forte has also complained that some of its supplies have been strangled.

Bank staff in protest over pension changes

BY OUR LABOUR STAFF THE NATIONAL Union of Bank Employees started industrial action yesterday at branches of the Standard Chartered Bank in protest at a pension clawback. The union, which has more than 1,100 members out of the bank's total staff of 2,500, has instituted a programme of selective stoppages and walk-outs as well as a general policy of non-co-operation. The bank's scheme, which only affects staff taken on after May 1 this year, involves as a maximum entitlement in pension of the equivalent of the pension or half the basic state pension or 12 per cent of the bank's non-contributory pension whichever is the lesser. A company spokesman said there was no intention to extend the scheme to existing staff, but a change in circumstances might result in a review of that situation. The review would be carried out in consultation with the union. The union, which does not have negotiating rights on pensions, described the bank's move as "callous." "The bank's oft-stated contention that its staff represent its major asset can now be seen to be a meaningless platitude," said Mr. Steve Gamble, the union's assistant secretary. "After several consultative meetings, at which the union unsuccessfully urged the bank to withdraw the proposal, our disillusioned members have now been forced to take this direct action." Provisions for pension clawback, a growing trend in banking, exist at Lloyds, Barclays, Midland and Williams and Glyn's.

Helicopter blacking

BY OUR LABOUR STAFF WHITE COLLAR workers, members of the Association of Scientific, Technical and Managerial Staffs, yesterday decided to "black" supervision of maintenance work at Rolls-Royce, Leamington, on engines for Bristol Helicopters. This is in support of the nearly 60 helicopter pilots involved in a four-week-old dispute with Bristol over the sacking of a pilot. The dispute has seriously affected supply to North Sea oil rigs ferried by the helicopters. Mr. Clive Jenkins, the union's general secretary, said yesterday that he had asked Mr. Len Murray, TUC general secretary, to "assist in bringing together the unions involved in order to bring a growing trend in terms of modern trade unionism." The British Airline Pilots' Association is backing the strikers, but Mr. Alan Bristow, the company's chairman, says he does not recognise unions. Statements supporting the pilots have already been issued by the TUC, the Scottish TUC, and the trade unions' North Sea oil rig pilots' committee. Mr. Murray was also sent telegrams yesterday by the National Union of Seamen, the Merchant Navy and Airline Officers' Association, and BALPA urging intervention.

Journalists' talks fail

A SURPRISE meeting yesterday between representatives of the Institute of Journalists members and their 60 National Union of Journalists colleagues at Kettering, Northants, failed to find a solution to a 23-week long strike. A dispute over better fringe benefits was settled last February but the 60 are refusing to work alongside the nine who resigned from the NUG during the original dispute to join the rival union.

PARLIAMENT and POLITICS

An imaginative choice—Callaghan

BY IVOR OWEN, PARLIAMENTARY STAFF

WITH AN impressive display of coolness and skill, the Prime Minister yesterday successfully negotiated the first of the political minefields which surround him as a result of the appointment of his 40-year-old son-in-law...

to make Mr. Jay's appointment to the much-coveted Washington post the central feature of a determined campaign to curtail Prime Ministerial patronage.

he had read the newspapers and seen all the criticism. "I considered this proposal when it was put in front of me, and the easiest course would have been to say, 'No'."

is to be the next Governor and Commander in Chief. Mr. Callaghan agreed that Sir Peter had served with distinction in Washington...

Mr. Neil Kinnock (Lab., Bedfordly) called for a constitutional change which would enable MPs to examine the holders of important and sensitive appointments before they took them up...

Howell blames Liberals for VAT compromise

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE LIBERALS came under strong attack in the Commons last night from Mr. David Howell, a Tory Treasury spokesman, for their failure to support the Conservative attempt to increase from £5,000 to £10,000 the annual turnover which would be well above £10,000.

Liberal pact ensured that they did not get it. Mr. Howell maintained that the £10,000 figure would be of particular help to the self-employed. It would not assist many companies because their annual turnover would be well above £10,000.

thresholds. He believed that the House was dealing with a very bad Government which had introduced a threshold which would solve a number of problems. VAT could not be in the future.

Tories win snap price controls Bill vote

BY JUSTIN LONG

THE OPPOSITION yesterday inflicted a snap defeat on the Government in the Commons when the Standing Committee on the Price Commission Bill...

Mr. Oppenheim and other Government members were seen to be in a state of confusion as the Tories added an amendment...

of tied divisions in the Standing Committee—the tally of votes was added to yesterday—illustrates the Government's difficulties in getting the Bill through its stages...

Change of sparring partners proposed

BY RUPERT CORNWELL, LOBBY STAFF

THESE IS a widely held belief, prevalent among those who extol the virtues of the British constitution but never visit the House of Commons...

of exchanges on our new Ambassador in Washington. The growing practice of blocks of similar questions, known as "syndicates" of members...

Revenue

Putting the Liberal case Mr. Peadar Kirby said that even if his party voted for the new Tory clause there was no certainty that it would command a majority in the House...

He believed that the Government was not just about advantages for traders. The hand rather than two birds in the bush, he declared.

A FINANCIAL TIMES SURVEY

THE FISHING INDUSTRY

JUNE 2 1977

The Financial Times is preparing to publish a survey on the fishing industry in its edition of June 2, 1977. The survey has been planned to appear at a crucial time in the current discussions in Brussels on the revision of the common fisheries policy.

INTRODUCTION Since Britain's entry into the Common Market, the attention of the fishing industry has been focused on Brussels. U.K. fishermen have despaired of agreement on an acceptable common fisheries policy...

LIMITS OR LICENCES Catch quotas are regarded as an outmoded means of conservation by most people in the fishing industry. Can effort limitation, enforced through a licensing system, prove more effective?

MARKETING The increase in the popularity of mackerel in recent years has shown that taste for fish is less inflexible than had been previously supposed. What progress is being made in overcoming reluctance to try new species?

FISH FARMING The potential for fish farming is assumed to be limited to premium species such as salmon, trout and turbot. How does the recent rise in the price of more commonplace varieties affect the economics of the industry?

The proposed publication date is Thursday, June 2, 1977. Copy date is Monday, May 23, 1977. For full details of the synopsis and advertising rates contact Simon Hicks on 01-248 8000, extension 211, Financial Times, Bracken House, 10, Cannon Street, London EC4A 3BY. Telex: 885033.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

Next week's business

COMMONS business next week is: MONDAY: Private members' motions. Post Office Bill, second reading. TUESDAY: Local Authorities (Restoration of Works Powers) Bill, second reading; Control of Office Development Bill, second reading; motion on EEC documents on energy policy.

LORDS business is:

MONDAY: Employment Protection Bill; Northern Ireland (Emergency Provisions) Bill, second reading; Administration of Justice Bill, second reading; Control of Food Premises Bill, second reading; Insurance Brokers (Registration) Bill, second reading; Town and Country Planning (Amendment) Bill, second reading; Farmers (Registration) Amendment Bill, committee.

MPs applaud Ulster strike call rejection

THERE WERE attacks on the Rev. Ian Paisley, MP for North Antrim, and praise for the Ulster people's rejection of his strike call in the Commons yesterday.

Written Answers

TREASURY Mr. Nigel Spearing (Lab., Newham South): What is the cost in the EEC Budget of the agreed increase of EEC export prices in a full year? What is the latest estimate of the outturn of the EEC Budget in 1977 on present commitments?

Defence cuts attacked

JOY PEERS yesterday attacked the Government's record of defence cuts and demanded restoration of the fighting capability of the forces as a top priority.

He called for more infantry battalions and bigger reserves of manpower, equipment and supplies. More attention should also be given to the defence of NATO's sea lanes.

ENNIA N.V.

Ennia N.V. announces that it intends to raise US\$25,000,000 by means of an issue in the international market of Convertible Subordinated Debentures. The Debentures due 1988/1992 will be convertible into Bearer Depository Receipts of Ennia between 1978 and 1992.

At the Annual General Meeting held in June, 1976, shareholders passed a resolution "that, subject to the approval of the Supervisory Board of Ennia N.V., the Management Board of Ennia N.V. be authorised to issue ordinary shares up to an amount not exceeding ten percent of the then issued ordinary share capital without the same being first offered to existing equity shareholders..."

Commissioner for financial affairs, is reported to have said in a recent speech that the cost of these decisions in a full year will be about 1,000 million units of account (£417m.) and will add 248 million units of account (£90m.) to the Budget for 1977.

Mrs. Audrey Wise (Lab., Coventry South West). How many taxpayers will gain from the proposed raising of the levels of income over which tax is chargeable at more than the standard rate?

Mr. Jeff Rooker (Lab., Birmingham, Perry Barr). Will the Chancellor introduce legislation to provide for a system of tax-clearance certificates for emigrants?

Mr. John Golding, Under-Secretary. The number of males employed in the steel industry in June 1967 in England, Scotland and Wales was 203,800, 30,100 and 70,400 respectively.

Kenya Airways announce the departure of their daily flight to Nairobi

Flights to Kenya the Kenyan way! Flights leave London every day at 19.30 off May 1st, from July 1st to Sept 30th there's an additional flight on Sundays.

KENYA AIRWAYS logo and contact information: Kenya Airways, 13 New Burlington St, London W1. Phone 01-734 3865 or 01-437 8163.

Handwritten note: 10/10 1250

The Management Page

MGM raises the stakes in its bet on stability

NICHOLAS LESLIE REPORTS



THE two most powerful influences on Metro-Goldwyn-Mayer, Mr. Kirk Kerkorian and Mr. Frank E. Rosenfelt, have been in the news this week for talks with financial institutions like banks and insurance companies. Discussions have been based on the progress that the studio, gaming and hotel group made in recent years, on its management policies and on its plans for the future.

The two men make it sound like a very casual visit—several questions having asked them stop by and have a chat “the time you are in London.”

The presence of Kirk Kerkorian, who has a reputation for being something of a recluse, suggests there is more to the visit than is immediately apparent.

It seems, there is. For Mr. Kerkorian is one of the mightiest in the Hollywood film studios. He is the legendary Louis B. Mayer and now carrying the title as owner of the biggest hotel and gambling establishment in Las Vegas, is being moved into Europe, according to Mr. Kerkorian. He says that “five” separate offers of money have been made for him to establish a hotel and gaming complex on the Cotuit along the lines of its U.S. version.

This is the MGM Grand Hotel, Las Vegas, which boasts 2,100 rooms, a casino bigger than football pitch, and where more than \$5m. crosses the gaming tables each week-end night. Mr. Kerkorian claims that it is the most stable hotel in the U.S. It already has a similar complex under construction farther north in Nevada, at Reno, which is to open next year.

But a possible move into Europe is clearly not the whole story. For what MGM is also doing is seeking to accept approval of its policies. It wants the investment to believe that the days are long gone when a sudden burst of profits from one of the biggest forces in film making could be replaced by famine. Of that it now has a solid record of earnings. Admittedly, it still includes films, but Mr. Kerkorian says that as far as MGM is concerned, the risk has been removed. Frank Rosenfelt, MGM's

president and chief executive officer, admits that “we would like to see a good base of institutional shareholders” and that they would also “like to see a greater interest in our shares in Europe.”

Currently, individuals make up the main body of shareholders, the largest stake being the 51 per cent owned by Kirk Kerkorian, who is MGM's vice-chairman and chairman of the executive committee.

Erratic history

It is understandable that MGM would want to stress the more recent stability it has achieved, given not only an erratic history but also the controversy which stalked the film group both before and after Mr. Kerkorian moved into the company in 1969. He gained control only after a long and bitter fight, and a subsequent decision to get out of film distribution caused widespread consternation in an already beleaguered film world.

Then, in 1973, a report by the American Securities and Exchange Commission said that Kerkorian had helped engineer an MGM cash dividend in 1973 and stock-exchange offer in 1974 that enabled him to meet certain personal loan obligations.

MGM consented to the findings and a consent order in the case without admitting or denying the SEC's findings.

It has even been reported that MGM squabbled last year with the Nevada-gambling authorities over the system of IOUs it used to collect gambling debts (which are not legally enforceable); although Frank Rosenfelt dismisses this as exaggerated and romanticised reporting. He suggests their record of collection is “excellent” and that credit is not given promiscuously, and he also points out that, in debt collecting, the company “must think of its position as a public company.”

“We have to be discreet,” he says.

Of the severity of steps taken in the past five years or so to put the company on a more even keel, Mr. Kerkorian and Kirk Kerkorian made an apology. These steps, maintains Frank Rosenfelt, merely formed part of a change in policies that

represented “sound management practices.”

It is undeniable that the company's fortunes have taken a turn for the better, largely as a result of Kirk Kerkorian introducing MGM to gambling, a business in which—along with real estate—he had already made a fortune before buying into the film group. When he gained control in 1969, MGM had not paid a dividend for four years and it had film production debts of \$85m.

In the last five years, net income after tax has risen from \$10.74m. to \$35.56m. (although with a nasty dip in 1973 when income was \$9.27m. only after taking in an extraordinary credit of \$7.2m.) and total dividends of \$52m. net have been paid in the last three years.

But while gambling has grown to represent over two-thirds of net income, a pile of debt has been created in the financing of the \$123m. Las Vegas Grand and to pay for the expected \$140m. total cost of the Reno Grand. Frank Rosenfelt is undeterred by the high level of borrowings, and merely points out that while opinion queried the amount of money raised to pay for the Las Vegas Grand, the fact that it has earned \$88m. of operating income before tax and interest in the three years 1974-76 has meant there has been no similar criticism over the Reno funding.

The Las Vegas project has succeeded, maintains Mr. Rosenfelt, because of the quality and combination of facilities offered—as he puts it, when shooting for success, “if you go in with the biggest, the loudest and the best you are going to get it.”

The facilities concerned are the hotel and the casino, together with top-line entertainers, restaurants, and public areas that include shopping arcades. The hotel also has the only private gambling club in Las Vegas on its top floor (26th), which is exclusive to invited “high rollers”—that is those who bet for high stakes.

All operations are very tightly controlled, says Frank Rosenfelt, and he maintains that the quality of their management is high because the best way to work with MGM. “We have a good underlay of management people.”

But if gambling has been a process of constant expansion, its profit record in recent years

has been very poor. Rosenfelt puts the blame on “deficit financing”—a system whereby guaranteed income from TV networks for a series falls short of production costs and the balance has to be met by the production company, such as MGM. The idea in MGM's case was that it should make up the difference by such means as overseas sales and that if the series was successful, MGM would then make big profits from the network.

This type of financing is no longer used; the TV networks have been persuaded to accept that their guarantees must cover initial production costs. This means there will be less spectacular returns for a highly successful series, but is a much safer system of financing, says Rosenfelt, adding that the real benefits of the change should be seen this year.

At the Reno complex, there will be an even bigger casino than at Las Vegas. And the hotel, although only 1,100 rooms, will still be three times as large as the next biggest Reno hotel. Facilities will be similar to those at Las Vegas, but there is also a 300 space “Camperland” for campers, thus implying a different type of clientele than for the other MGM hotels. Customers seem likely to spend less on gambling, a point accepted by Rosenfelt.

But, despite the obvious importance of gambling, he feels that the “leisure complex” concept provided by both hotels is what will ensure continued success.

Reno will cost more than, and certainly looks more of a gamble than, Las Vegas. But Kirk Kerkorian argues that there have been 29 years of steady growth in gambling of between 14 and 20 per cent a year “and it is unlikely to change.” He and Rosenfelt clearly expect both complexes to expand, for they have ensured that both are designed so that any additions will still be an integral part of the existing structure.

Whether Kerkorian and Rosenfelt have totally convinced U.K. institutions of the wisdom of their policies and what may come out of their visit remains to be seen. One thing that will definitely not emerge, according to Kerkorian, is a British MGM Grand Hotel and casino, simply because he does not like the restrictive nature of British gambling laws.

One incentive for the institutions, quite apart from arguments about stable earnings, is likely to be the MGM dividend policy, about which the company is very bullish. In addition to regular quarterly cash dividends of 25 cents a share, the company has a stock option scheme. The attraction of this, it feels, lies in the cash payment per share remaining the same on an increasing number of issued shares.

Records sold off

Another casualty of the cost-cutting purge a few years back was the MGM record company, which was sold off—a move in stark contrast to other major film makers such as Warner Brothers which expanded record activities.

An obviously bad decision by MGM was to go into cruise liners. Plans were announced in October 1971, to build three 400-cabin liners that would aim at a young clientele. Subsequently, however, the idea was abandoned.

In television operations, MGM has still to show that it can make a consistently good return; its profit record in recent years

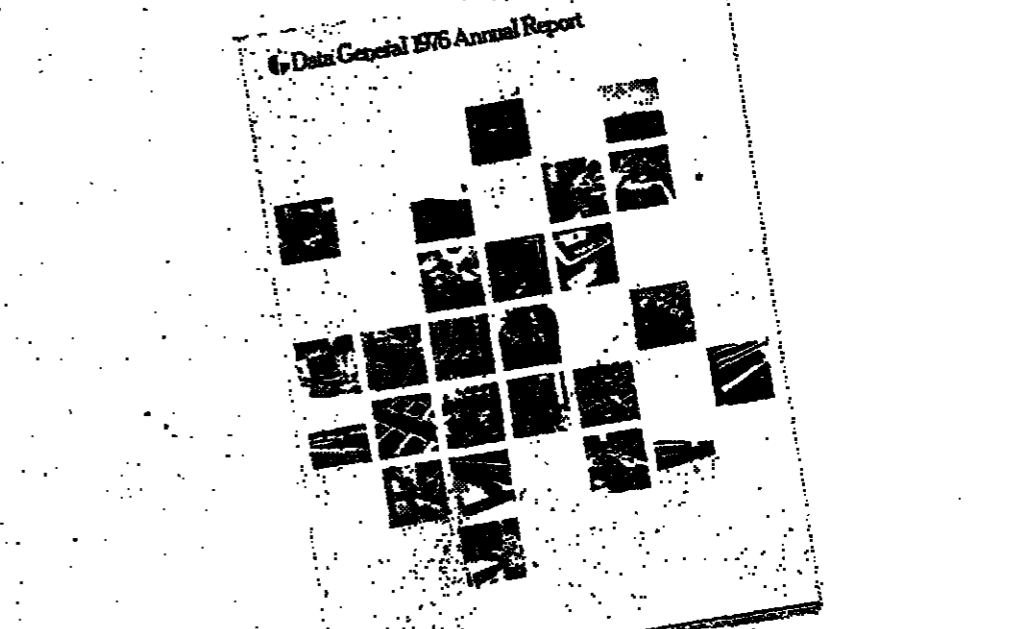
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Aircraft and gambling have been the two major factors in the business life of Kirk Kerkorian (left). After service in the RAF during the Second World War, he returned to the U.S. and started an airline. Subsequently he also went into hotel-casino ventures, building the International and the Flamingo Hotels in Las Vegas. These, forming the International Leisure Corporation, he later sold to Hilton Hotels, and then purchased a controlling interest in Western Airlines. It was after he unloaded that interest that he bought into MGM in 1969, wresting control from Edgar Bronfman, head of the Distillers Company. In contrast, Frank E. Rosenfelt (right) has been in motion pictures since graduating as a lawyer. After seven years with RKO Radio Pictures from 1950, when the controlling shareholder was the late Howard Hughes, he moved on to MGM, where he has been for the past 22 years. Rosenfelt took over as president and chief executive in 1973 upon the sudden departure of the former president James Aubrey, who began the early pruning operations at MGM after being brought in in 1969 by Kerkorian.

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THE BANKER

Two hemispheres

On the international trail this month. *The Banker* visits Chicago financial centre of the bustling Mid-west and vantage point for economists feeling America's pulse, and two European centres, Frankfurt and Luxembourg. Deputy editor Carol Parker looks at what makes Luxembourg so attractive for international bankers and elicits the do's and don'ts of banking there in an interview with Banking Control Commissioner Pierre-Jaans. From further afield, *The Banker's* editor Robin Pringle reports from Tokyo on Euro-yen, the protection problem, and the many issues heading a crowded agenda in Japan to-day.

The Banking Year

The Bankers' annual round-up of profits and prospects in the world's major banking sectors. Banks and banking activities outside the big league of international lenders get an airing this time round with articles on the ambitions of savings and co-operative banks.

Muck and money

The companies getting their hands dirty in the arduous work of pumping oil from the North Sea are going to be bankers to the next generation of oil fields developed. A special report features new forms of oil finance, the bankers and oil men behind them and the doings of BNOG, Britain's official entrepreneur in the North Sea.

THE BANKER can be ordered through bookstalls price £1.00 or direct from Bracken House, Cannon Street, EC4P 4BY. Price £1.30.

MAY ISSUE ON SALE NOW

Employee report award to Plessey

The latest in a series of awards for employee reports has been given to Plessey, for its financial “Plessey World” publication. The Walker Cup award was made by the British Association of Industrial Editors in its 1977 House Journal competition. Produced for Plessey by I.H. Publications, the 12-page issue included a special pull-out feature on the pension fund, plus diagrammatic representations of the profit and loss account, balance sheet, wages and dividends trends, together with orders and exports.

Business books

Arbitration in Sweden, Stockholm Chamber of Commerce. Price £25. This textbook complete and fully up-to-date account of the arbitration law of any national jurisdiction.

Inflation, Theory and Policy, by A. J. Hagger. Macmillan Press, £12. The book sets out to give a comprehensive and unified treatment of the inflation problem.

The Law and Practice of Meetings, by A. Harding Boulton. Sweet and Maxwell, £6.50. This reviews the law as it affects all kinds of meetings, public and private, with reference to those which reach decisions having legal effect.

Planned Press and Public Relations, by Frank Jenkins. International Textbook Company, \$4.75. This attempts to bring together practical, research and teaching experience to offer ways of improving professionalism in the planning of PR programmes aimed at achieving tangible results.

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FRIDAY, MAY 13, 1977

Conspicuous restraint

THE ANNOUNCEMENT that the growth of banks' interest-bearing liabilities is to be restrained by the corset for a further six months has little practical significance at present

Guidance: The doubts over inflation are growing at a time when U.S. interest rates are rising, and when the banking figures show some revival of commercial loan demand.

Parliamentary sense about transport

MR. WILLIAM RODGERS, the Transport Secretary, can hardly expect to please everyone when he publishes his White Paper on transport policy later this month.

Competition: For example, the committee doubts that British Rail could do much more to put its own house in order, particularly in the area of use of manpower.

Easing: It is misleading to say that other countries are providing greater support for their rail services.

The Loyalist fight to keep a sick strike alive

By ROY HODSON, just back from Northern Ireland

NOW we know how far some extremists in Northern Ireland are prepared to go to enforce a political general strike.

The strike seems to be withering for the sufficient reason that it has not captured any wide support among the public in nearly two weeks.

Grass-roots Protestants

The Protestant people of Northern Ireland, who exceed the Roman Catholics by almost two to one in the L.S.M. population, have massively rejected the call to use their labour as a political weapon for the second time.

What will not be so understandable, if it persists for long, is the delay in issuing the floating-rate Government stock announced in the Budget.

So the score for the Ulster Protestants' strike weapon looks like being a success in 1974 and a failure in 1977.

did not like Westminster's management of their Province. Perhaps most important of all they did not like inaction.

Weaknesses of strategy: Whereas the 1974 strike had the clear aim of toppling the power-sharing Executive, this second strike had a multiplicity of objectives.

May 1. Mr. Paisley called from the pulpit for everyone — including school children — to stay at home during the strike.

May 11. The new levels of violence employed by some Protestant extremists were causing dissenation among the strike leaders.



"The unmistakable sound of the Rev. Ian Paisley's growl": Mr. Paisley being removed by police from a Ballymena barricade.

Meanwhile the army began fly-monitor threatening calls. Intimidation reached a new level when a bar at Bangor was burned down by petrol bombs.

Mr. Paisley's arrest: May 10—Two murders among attacks upon people who had continued to work during the strike call.

May 11. The new levels of violence employed by some Protestant extremists were causing dissenation among the strike leaders.

May 12. Intimidation continued. Some 200 police were sent to Larne to guard the power workers' homes and families.

A bonus for Mr. Craig

There is just a chance the strike has given sufficient impetus to moderate U.P. Protestant leaders to throw them out of their wide into a new period of co-operation.

The next political land will be the local government elections on Wednesday.

MEN AND MATTERS

Horoscope tells all

The ability to say "I told you so" is a legitimate source of pride to palm readers, star gazers and necromancers of all kinds.



"It's a Phase Three play... If I can ask my son-in-law to take a cut of..."

As for the virtue of youth, the records show that Britain has had one other 40-year-old Ambassador to Washington.

Taxing question

Among the first memos which some hope the new British Ambassador to Washington will find on his desk is a reminder to do something about reversing recent U.S. tax law on business trips abroad.

Red visit

Insurance and re-insurance is one of the City's most successful export earners and the busy visitors gallery of Lloyd's is also one of London's more recherche tourist attractions.

Among yesterday's motley crowd gazing at the (fortunately mute) Lutine bell and the huddled groups around the various syndicate boxes, were the darling young men from the RAF's Red Arrow aerial acrobatic team.

Is Scarborough fair?

Drama in the business of organising seaside conferences must be fairly rare, whatever the racy impressions given by the glossy newsheets beloved by "conference towns".

be planning a conference (of course) on the subject later this month.

The CHE lobbied other would-be patrons. The Liberal party decided not to hold a conference there, as did the National Association of Probation Officers.

The spokesman added that CHE was "very, very gratified" at the Society of Civil and Public Servants' stand.

Drink on

One of my colleagues asked a Soviet ambassador at a recent international gathering why he was drinking so much Scotch when vodka was being offered.

Advertisement for Edward Erdman, a professional valuation and accountancy firm. The ad features a large, stylized graphic of a man's face and the text: 'What do you know about valuation for current cost accounting? Do you know current market rental values? Are you aware of the proper basis on which to value?'

Handwritten note: 6/100 1250

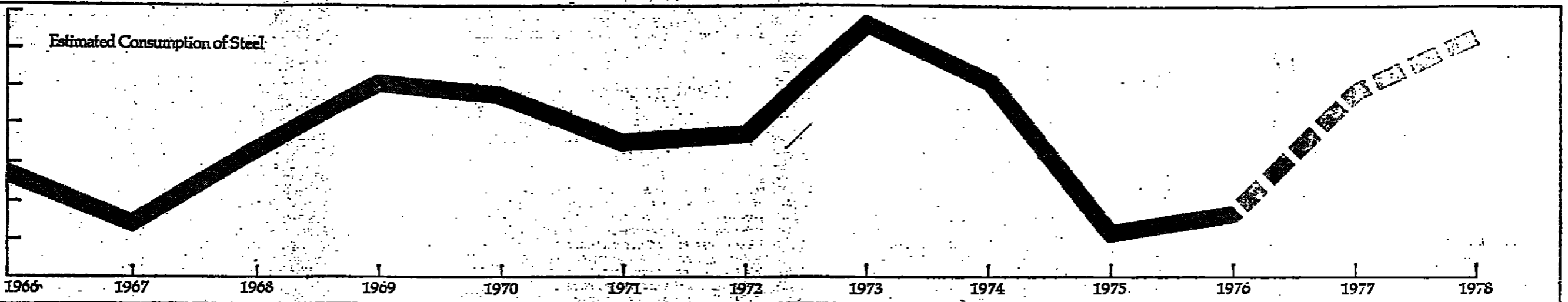
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FINANCIAL TIMES SURVEY

Friday May 13 1977

Steel Stockholding

Steel stockholders hope they are about to emerge from their steepest and longest recession ever. But stocks are still being reduced, and there seems little likelihood of new buying within the next few weeks. Meanwhile, a new EEC steel plan is being monitored for its likely impact on the future of the industry.



Source: Dept. of Industry

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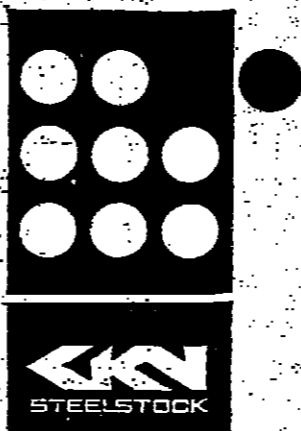
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Ready for recovery

THE LONGEST and most intractable recession in demand for steel throughout the world that anyone can remember is still taking its toll of producers and distributors alike. The real seriousness of the situation is that as yet there is no consensus of opinion about when it might end and something like normal trading conditions once again prevail.

Crystal-gazing will be the most popular activity in Torquay this week when member companies of the National Association of Steel Stockholders meet for their annual conference and take the opportunity to discuss market trends with guests from the British Steel Corporation, the British Independent Steel Producers Association, and the managements of some of the private steel-makers.

Few steelmakers or traders are of a mind to begin preparing their businesses to meet a definite upturn at any time during the months immediately ahead. Indeed a considerable amount of stock reduction is still going on among the steel stockholders as companies try to clear their warehouses to generate some cash. Even the biggest companies are not insulated from the need to act in that fashion, although the swift reduction in the borrowing rate on overdrafts recently has enabled some companies to reduce their de-stocking activities.

The broad picture across the British stockholding industry is that companies will either continue reducing their steel stocks or will hold them at something like current levels for a period of weeks or months yet. Few envisage moving into a buying cycle before the autumn.

So the Torquay conference will be the stage for a conflict of interests between the stockholders and their short-term problems and the steelmakers with their long-term strategies.

Sir Charles Villiers, chairman of the British Steel Corporation, and Mr. David Waterstone, the commercial director, have no doubt what they want of the stockholders and they will be telling them in plain terms both formally and at a series of social gatherings. They are promot-

ing a new policy by British Steel of aggressive salesmanship to shift the State-owned company's point of balance from its long tradition of being production-oriented to a new stance of being customer-oriented.

The steel stockholders are essential to this strategy for they have raised their share of the British steel market from under 20 per cent in 1950 to a current level of some 35 per cent. In the next good trading year and many stockholders believe that will start late in 1978 and run into 1979—they expect to capture 40 per cent of the British steel market. British Steel supplies about 60 per cent of the 3m to 4m tonnes a year handled by the British stockholders.

Reorganisation

Sir Charles Villiers was horrified when he arrived at British Steel last year to discover that the corporation had lost vast swathes of its traditional home markets, particularly in flat rolled products because of the corporation's internal problems during the first half of the 1970s when production suffered because of a vicious combination of management production and labour problems. He set himself the task of winning back customer confidence while backing Mr. Scholey to the hilt to get more out of the mills.

The policy has not been free from setbacks. The British Leyland strike—no fault of the steel industry—resulted in the car giant making an emergency agreement with British Steel that the usual rolling programme for car body steel should be suspended. As a result British Steel lost valuable sales. More recently the Port Talbot electrician's strike has disrupted output of hot rolled coil for tinplate production and sheet steel for automotive and domestic appliances manufacture. British Steel has actually had to buy-in steel from Europe.

Sir Charles must sometimes feel that he is picking his way through a minefield. But in spite of explosions all around him he is making headway. Few, if any, stockholders at Torquay will refute his basic demand to

them—that in future British stockholders will have to trade more in home-produced steel if the national investment of £700m a year that is being put into the British Steel plants is to make any sense at all.

Sir Charles' point is recognised. The stockholders have handled a lot of imported steel these past few years but they have been forced to that position by uncertain supplies from the home mills. Now British Steel is determined to give the customer what he wants when he wants it. Thus it makes commercial sense to most stockholders to switch back to selling a much higher proportion of home-produced steel to their customers.

Price is of course a major factor. It is true to say that stockholders bought abroad more for guaranteed delivery and guaranteed quality than for a simple price advantage. But they also liked the flexibility they found at the European mills over prices at a period when British Steel could only quote the book price to potential customers.

Now all that has changed as well. Mr. Waterstone is leading an aggressive sales campaign and his salesmen have instructions to be flexible over pricing. They know that they have to be to win back the stockholders' business at the expense of imported steel.

The stockholders themselves, as they have no choice but to live with a supplier which holds a production monopoly in Britain of many of the items they trade in, prefer the new sales-oriented British Steel to the old corporation attitude of "take-it-or-leave-it."

With the prospect of some interesting deals with British Steel in the future as business brightens up again the stockholders are giving a lot of serious thought to how their businesses should be conducted. A debate has started in stockholding circles about the concept of "two-tier" stockholding. Essentially two-tier stockholding means that a small number of companies form the top tier and buy steel in bulk before doing work upon it and preparing it for retailing. Those companies near themselves to serve two different markets: the retail

customers who buy from them direct, and the smaller stockholders who are served by the big stockholders but at special price rebates.

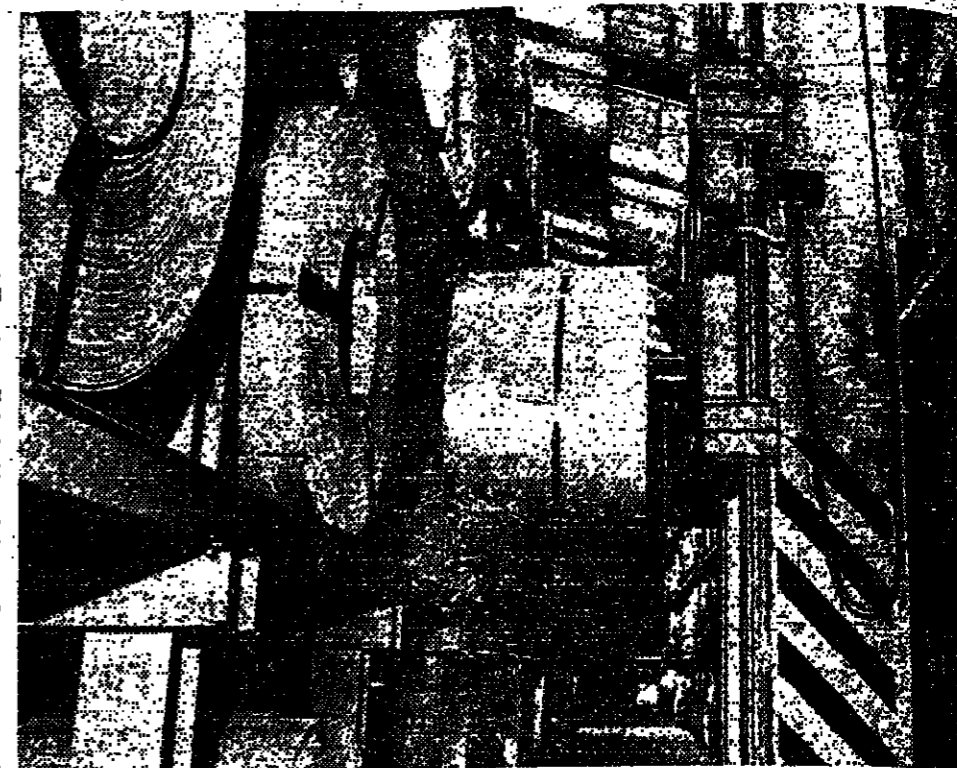
Now that British stockholders are doing £800m to £700m of business each year, through some 250 members of the National Association of Steel Stockholders, it is felt by many of the most professional managers in the trade that a system of that sort should be encouraged to develop and that the industry should not flinch from setting out certain guide-lines even at this stage.

The U.S. concept of the steel service centre is being adapted to the needs of the British market. The bigger companies in the trade are continuing to invest in new equipment for doing work on steel. It has become increasingly common for stockholders to buy complete coils of steel from the mills and carry out the processes of de-coiling, slitting, and cutting into blanks to prepare the steel to size for the customers' manufacturing processes.

The stockholders feel that events are on their side as they finance that sort of investment. They believe that manufacturing companies will be increasingly reluctant to hold large stocks of steel on hand at their

Spectrum

In an informal way the two-tier system is already growing up. The industry has been aligning itself during the recession in steel across a spectrum of large and well-capitalised stockholders, medium-sized companies which are too often short of resources, and small companies serving loyal local customers. The most severe pressures are being felt by the medium-sized companies for they have neither the muscle of the big companies to shoulder their way through the recession, nor the tight local trading enjoyed by the small companies which enables them to survive



An aisle stacker crane selecting a coil of steel for processing at Boreham Walsall plant.

works. The high cost of financing such stocks has become a deterrent. The problem is solved for manufacturers as soon as they know they can rely upon a stockholder to handle their steel stocking problem for them, supplying adequate supplies of properly cut steel at the right time.

By the nature of their trade the stockholders can never be insulated from the wider market of international steel. That is why the current Euro-

pean Community attempt to rationalise steel production and marketing during the recession with the Davignon Plan is of crucial importance to British stockholders. The effect of the plan upon prices, steel production, and imports of steel into the Community from third countries will be closely watched this summer.

British Steel has emphasised—and has been supported by Mr. Eric Varley, the Industry Secretary—that the plan will

Roy H.

Changes in the pipeline

ALTHOUGH it is ten years since the nationalisation of the 14 biggest steelmakers in Britain and the formation of the British Steel Corporation as a single State-owned steel company (the third biggest in the world), the upheaval is only now causing a series of changes to take place in associated industries. What is happening is that the dominance of BSC in certain materials and product trading sectors is influencing the structures of the associated industries themselves.

One obvious example is in the ferrous scrap industry. Two years ago BSC invited some 20 of the biggest scrap companies to enter into confidential contracts to supply scrap on monthly quotas. The effect was to split that industry into a two-tier operation with a few companies eligible to supply the corporation and the rest having no option but to sell to those favoured companies, or to the private sector in scrap, or to export. The row among the scrap merchants over the imposition of the British Steel system upon them is still rumbling.

There is now a growing consensus of opinion that the powerful influence of British

Steel is going to encourage the stockholding industry to re-cast into a two-tier system. There is not an exact parallel with the scrap merchants, for they are selling to the corporation whereas the stockholders are buying from the corporation. They must therefore be treated with the respect due to customers. But the net effect upon each of the two industries is to divide them into big and small operators.

Within one sector of the stockholding business—stainless steel—a formal two-tier system has already been organised by BSC which is the only domestic stainless producer. Half-a-dozen stockholders are supplied at special prices in return for being almost wholly geared to handle the BSC products in preference to imported stainless steel. So far the system appears to be running smoothly.

But in the wider world of steel stockholding across the range of steel products, arrangements are not so clear-cut. In many ways the industry seems to regard itself as in a period of transition. The possibilities of a two-tier system are being studied but not everyone is agreed about what is meant by a two-tier system.

Extending the idea further some experts believe that the five or so top stockholders could perform a special role within the top tier. They could take on responsibility for supplying the many small stockholders with British Steel products at special discounted trade prices. The companies would be relieving the British Steel mills of the job of handling small customers and prices would of course have to be so pitched as to pay for that service.

That is one possible scenario which is being discussed as a way forward for British Steel stockholders to the two-tier system. A number of stockholders also have their own pet schemes in mind.

One company—Coutinho, Caro—has backed a hunch of its own and are now building a £2m steel distribution centre alongside the M1 just south of Leeds which is to be essentially a huge supermarket for steel. A growing volume of inter-trading is going on these days between stockholders, and Coutinho, Caro reasoned that what was needed in Britain was a new steel distribution centre conceived as a wholesaler to sell steel to other stockholders.

Coutinho, Caro was European agent for United Steels before nationalisation and built upon its international experience in trading by moving into stockholding. The group sells some 300,000 tonnes of steel a year in West Germany. The British end of the group went into stockholding in 1971 with a warehouse in East London carrying 20,000 tonnes of stock. But from the start the company found that, in common with many other British stockholders, it was handling two distinct types of business. There is straight trading with steel-using customers and there is another level of trading to supply other stockholders.

Ralph Oppenheimer, a director, said, "It produces complications. For instance we have to have two price lists: one for customers and another with trade prices for stockists."

The company's answer was to split the business into two parts, investing in the Leeds depot, now being built, as a steel wholesaler to the trade while supplying retail customers from the London depot.

That was the company's reasoning. It is too early to say whether the innovation will be a success. The Leeds depot has been carefully sited at a strategic point geographically to link with the motorway and road networks while being conveniently near the big steel mills of Sheffield, Rotherham, Scunthorpe, and the North East. The intention is that it will buy bulk steel competitively because it can derive maximum advantage from the basting point pricing system by being near to the works. Orders have already been placed with British Steel and private sector steelmakers. Some imports will be handled, but British steel will predominate. For instance, the company is totally reliant upon British Steel's plate.

The depot is designed to handle some 100,000 tonnes a year in general steels—plate and heavy and light sections. There will be no processing plant, unlike the service centre concept. The intention is to buy the steel in big lots, say a 100-tonne load of angle, and sell it in small lots of a few tonnes at a time to the stockholding Trade.

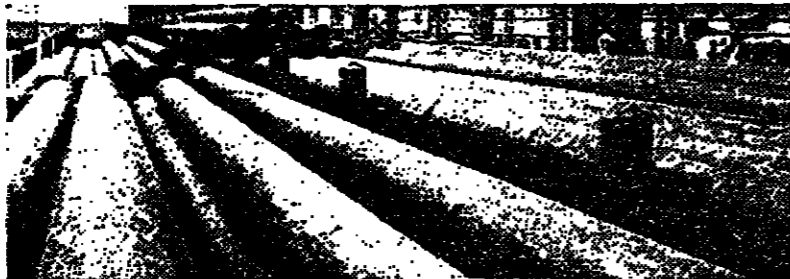
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Watchdog develops its bark

TWO YEARS ago, almost to the day, Mr. John Annetts, the recently retired chairman of the National Association of Steel Stockholders, ended his address to the association's annual conference at Eastbourne with a flourish that although the steel industry was skidding into catastrophic times, it was necessary to think beyond the recession.

He continued: "The economy will recover; although it may take a little longer than generally expected but when the upturn comes, we must be ready to resume our advance, not only in increased tonnage but also in a larger share of the market."

Even Mr. Annetts with his wise caveat that the recovery might be more distant than was being generally assumed, could hardly have allowed himself the depressing thought that two years later the first part of this statement could be repeated without amendment. In those two years there has been only one phantom upturn and most stockholders to-day cannot see anything better than a flat future ahead this year. Most feel moved to guess that things might be a bit better in period one of next year, but it's not much more than a guess.

As for the second part of the ex-chairman's statement, well, it is instructive simply to note a couple of remarks from the text of his successor, Mr. John Woodbridge, to be delivered to the association's annual meeting in Torquay to-day.

On market share, Mr. Woodbridge also permits himself a proviso, by agreeing with Professor Galbraith that we live in an "age of uncertainty." But he insists, there is "one sure factor, that the industry will never again see a growth pattern such as it has enjoyed in the past and its problems in market research and in management will be much more concerned with commercial viability and market place economy than it has in the past."

Turning, later in his speech, to the difficulties of stockholders in attempting to turn over much higher tonnages of steel, he notes that 1976 sales were in fact, at 2,96m. tonnes, 16 per cent. up on the very low levels of 1975. The lesson here, he suggests, is in the contrast between the general gloom in

the trade and these "by no means disastrous sales figures," thus reflecting "the truth of the often stated adage that tonnage does not make profits."

The difference in attitude between the two chairmen, as illustrated by these remarks, is not so much evidence of inconsistency or a switch of approach as of an indication of the resilience of the stockholding sector during the two most disastrous years in the memories of British steelmen. There has not been any spate of bankruptcies or even very poor results from stockholders during these years and the reason for this is that they have learned the lesson which Mr. Woodbridge has quite correctly chosen to emphasise to-day. The recession has demonstrated, if such proof were needed, that the ESUM, stockholding industry, carved out for the most part, in the course of a generation, has the ability to survive if not to greatly expand.

The process of adapting to these changes has, of course, been continuous. For the stockholders' association itself, it has meant an examination of its role and an attempt to identify new services. In the last few years, this has meant, for example, the establishment of a committee considering the newly urgent issue cash flow and Mr. Woodbridge will today be telling his members that the association intends to play a much bigger part in the future in the collection and dissemination of statistics and information.

Commitment

Part of the purpose here is to sharpen a useful tool of stockholding management, but there is also a commitment to add to the input of knowledge to Government and to steelmakers, notably the British Steel Corporation. It is mainly in response to a request from BSC that a major initiative is now under way to collect information about the markets served by stockholders.

The association's relationship with BSC remains of paramount importance, even though the corporation's share of the U.K. market has slumped to a disastrous 55 per cent. as a result of uncertainty of supply across a wide range of products. Spice was added to the relationship

too when the corporation, three years ago, launched its own foray into stockholding with the establishment of the British Steel Service Centres.

This move understandably caused some anxiety and suspicion in stockholding circles, but what fears there were have faded now into a really rather self-satisfied feeling that through its own stockholding business, BSC has learned a lot about the problems of stockholders, without being able to expand to the desired level. In particular, it is noted with relish that BCSC, which has operational autonomy within the Corporation, has been led by commercial pressure into buying a high proportion of its steel from non-Corporation sources.

The British Independent Steel Producers Association recently estimated that about 40 per cent. of the U.K. stockholding industry now has some association with BISPAs companies.

This can range from highly specialised stockholding outlets of special steel companies, to the large, and often extremely important separate business arms of steel groups.

In addition, some of the steel producers themselves act as stockholders to some extent, particularly where their end product is outside the normal run of commercial steels.

Where a steel company operates a stockholding subsidiary, there is usually a fair amount of freedom of operation. Rigid ties, in that the stockholder is merely an outlet for the production of the parent company, are rare.

There is even a feeling at the moment that BSC may be preparing a long-term withdrawal from stockholding, although this is probably based more on an extension of the stockholder's favourite logical thought-pattern, again given expression to-day by Mr. Woodbridge than on genuine BSC intentions. He declared: "It is impractical for a major producer to operate economically plants requiring a massive optimum output, if at the same time his capital and resources are restricted by having to hold an enormous inventory. The stockholder relieves the producer of this burden and ensures a far wider market for his product and the availability of the product to the consumer at the right time and in appropriate quantity. The consumer is also in consequence relieved of the necessity of carrying an excessive inventory and the nation's capital resources in this field are best employed through the stockholder network. In simple terms, one stock instead of three."

The association's view is that Sir Charles Villiers, the BSC chairman, is precisely right to concentrate on providing commercial satisfaction for his customers, whether they be in stockholding or direct supply. It is certain that only through the improvement of these commercial relationships can BSC claw back the share of the U.K. market which would justify continuing its massive public investment in its business at the rate of £600m. a year.

Perhaps this relationship can best be illustrated by the way that two of Britain's bigger private sector steel producers have developed their stockholding interests. Both, in their own way, are success stories.

Johnson and Firth Brown do not have a U.K. stockholding operation in their main steel division, although part of their engineering division, Church and Bramall, have stockholding interests.

Nevertheless, their steel division does have an important stockholding subsidiary in Switzerland in Firth-Stahl, which illustrates how parallel activities can develop and complement each other.

Origins

Firth-Stahl's origins go back to 1914, when the former Thomas Firth and John Brown group set up an agency in Switzerland. By 1924, this had developed into the forerunner of the present company, dealing initially in tool steel.

The development of stainless steel in the 20s led by companies within the U.K., brought a major change, and soon Firth

Stahl began its long association with the Swiss watch industry, supplying the stainless steel for watch cases, and later for precision instrument work.

Now, Firth Vickers, the JFB stainless steel subsidiary and other group plants supply only about half the steel sold by the Swiss subsidiary, who are also developing well beyond their initial stockholding into chemicals and plastic coated steel. Annual sales of steel have now increased from the former average of about 60 tonnes to a current level of around 2,000 tonnes, still largely in the watch and instrument industries.

In turn Firth-Stahl has been developing its own steel export business, servicing customers in Germany and France, as well as achieving some success in the Middle East market.

Just as successful, but far more conventional, is the stockholding operation of the Arthur Lee group, which trades as C. Roberts, and can trace its origins back to completely independent activities more than 30 years ago. By the 1950s, they had developed modestly but surely, and became the first Sheffield stockists of both stainless and alloy bars.

A joint company deal with the Lee group in 1958 for the selling of Lee's bright bars laid the ground work for a takeover by the steelmakers in 1969. Their motives were obvious: a stockholder within the group would give them a secure outlet for the specialised steel they produced.

Attitude

The steel group make no hard and fast rules about where their stockholders buy. In fact the attitude seems to be that the group expect the chance to compete, but if the stockholders can buy cheaper elsewhere, they go ahead.

Obviously they do buy a large tonnage of their stock from the Lee group, but as the company is developing well outside the pure specialist role, they go far afield for steel. Expansion has seen the company nudging the established giants of the stockholding industry in the North, although their customers still range from the small buyer who wants a few lengths of steel to some of the major companies in the region.

They now operate 17 ware-

houses on four sites in Yorkshire and Lancashire, with total stocks now around 17,000 tonnes. Orders range from two or three kilos, to 20 tonnes and more. Both stock and turnover are more than eight times the 1970 level when expansion started in earnest.

These two developments are contrasting examples of the role of the steelmaker in stockholding. Obviously others are more familiar, such as the extensive operations of companies like GKN Steelstock and T.I. Stockholding.

There is increasing recognition among steel producers that no matter how extensive their experience in producing the metal, a new range of techniques go into the selling and servicing of it to a complete range of customers.

The tendency for manufacturing industry to move out of large scale, in-company, stockholding is now firmly established, and this is another trend which the independent steel companies are well aware of.

Such moves bring the possibility of package deals between a manufacturing company and a

stockholder. The customer will perhaps get quotes for such a deal from up to half a dozen stockholders, involving a complex variety of steel supplies, from special steels through engineering bars to plate and tubes.

The subsequent decrease of some of the direct contact between the producer and a major customer, not to mention the increased purchasing power of the stockholder who can negotiate such package deals, have only increased the interest that the producers have in the stockholding field.

As for the future, there is little doubt that the interest will continue. Perhaps not on the scale of the last ten years as far as the independent steelmakers are concerned, many feel the present situation is a comfortable and adequate one. When one accepts the commercial sense of a steelmaker extending his interest in the raw material field, to try to get greater control and stability over pre-steelmaking interests, then a strong presence at the other end of the business field is inevitable.

Roger West

ing a period when demand was expected to rise, with the result that within a short space of time the Corporation was making steel no one wanted to buy. Stockholders, with complete justification, ask if BSC cannot supply the home market when it is bumping along the bottom of a trough, how it will ever do so when manufacturing industry picks up and steel is once more in demand.

Sir Charles Villiers, who was due to attend to-day's chairman's address in Torquay, will be hearing words whose force he readily appreciates but as recent events at Port Talbot steelworks have demonstrated, most of the answers have still not been found.

Ian Hargreaves

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July 1975

STEEL STOCKHOLDING V

Brussels may shape the future

STOCKHOLDERS — the steel industry's middlemen — have been a general welcome to the Commission's plan to bridge steel prices. Belgium's Association des Marchands de Fer, the national trade association that often acts as the European sector's pressure group in Brussels, has given its blessing, saying that raises prices also by the value of dealers' inventories of these stocks also a bought during the slight dip in demand in spring 1974, and many stockholders since been reluctant to bid them at a loss.

But the Brussels Commission has done, as the first stage of an overall plan for European compulsory minimum prices for steel bars and plates, and for five other products, while there is no set price for the compulsory prices, which will be set at £130 a tonne for ordinary reinforcing bars and £134.50 for merchant bars, plate and rolled sheet. The compulsory prices will last until the Commission decides otherwise, while there is no set price for the compulsory prices, which will be set at £130 a tonne for ordinary reinforcing bars and £134.50 for merchant bars, plate and rolled sheet. The compulsory prices will last until the Commission decides otherwise, while there is no set price for the compulsory prices, which will be set at £130 a tonne for ordinary reinforcing bars and £134.50 for merchant bars, plate and rolled sheet.

Far the moment, Viscount Davignon has the figures on his side. According to the International Iron and Steel Institute, crude steel production in the original six members of the EEC fell 1.1 per cent in the first quarter of this year, compared to the same period of last year, and in the U.K., the fall was 1.5 per cent.

Imports By contrast, Japanese production rose 5.7 per cent over the same period. But to the relief of these steel stockholders who deal largely in imports, the Commission is contemplating almost no action on imports. It is Viscount Davignon's thesis that imports are not European steel's real bugbear — they amount to only 10 per cent of total EEC production — but low prices. In any case the Commission is frightened of taking action that could encourage retaliation against a community that is 75 per cent dependent on the outside world for its raw materials and energy resources.

Higher prices must help, and even the current quotas on deliveries have probably helped those dealers who are tied to particular producers from having to take on more unwanted stock. But the implication of the second part of the plan—the restructuring aspect—may not be so good. Viscount Davignon talks dramatically of 100,000 jobs out of the steel industry's 700,000 strong EEC steel work force being in danger if nothing is done. But what he also seems to imply is that a great many jobs will have to go even if something is done. The Commission is in the process of reviewing its long term estimates for the steel sector. But even now officials are talking of a relatively much smaller industry by 1990, with perhaps only 10m. tonnes extra capacity by that date. Of course, some 50-60m. tonnes of new capacity may be added by then, but most of this will be replacement.

Will a relatively smaller steel industry mean a relatively smaller stockholding sector? So far, according to the International Federation of Stockholders (which groups EEC countries and a few other European countries), dealers' share of the overall market has held up well: in finished rolled steel deliveries in 1976 it was 26.1 per cent, for instance. To a certain extent, the stockholding sector is getting smaller already as companies like BSC emulate what their Continental counterparts have done for years and buy into the dealer's. As this vertical integration continues, the remaining independent dealers are either forced out or to turn to requirements of customers.

David Buchan

Imports

World market

CONTINUED FROM PREVIOUS PAGE

All that the Commission is doing is to introduce along with the new minimum prices a system of import licences. But these, for the moment at least, will be granted automatically, and are intended as a statistical check rather than a form of administrative harassment of importers. It has promised to be quicker of the mark in taking action against any dumping of steel on the Community market, but has in fact recently dropped its only anti-dumping case on steel (against South Africa), and is mainly confining itself to talking third countries into curbing their imports into the EEC.

It is quite possible that imports could seriously undermine the new minimum prices. But at the moment—with imports of reinforcing bars, for instance, only about 3.8 per cent of total EEC bar production—the Commission thinks this unlikely. On the other hand, exports could be hit. EEC exporters to Austria, Portugal, Sweden, Finland and Norway will have to stick by the new prices under agreements which require a uniform steel price between the EEC and the European Free Trade Association (EFTA). Beyond this EEC exporters could be open to

improve working relations with their European counterparts and have reached the point at which they can act as one body to negotiate with the steel-makers.

The European Commission's forecast for the years ahead, 1980-85, estimates a growth of finished steel consumption in the Community of 3.7 per cent, with growth in Britain averaging 3 per cent for some years to come. Considerable doubt must be cast over those figures as they were prepared before the depth and extent of the current steel recession was known. But all recessions have to come to an end sometime and it will be instructive to turn up that forecast when the pace of steel trading quickens once again and to see whether the British and European industries get back on to the forecast targets.

One important contribution made by the forecast was concerned with the development of markets in certain types of steel. The expectation is that steel users will go steadily "up-market", requiring higher quality and more complicated steel forms in the production of their products. A growth of some 50 per cent in the demand for steel tubes is forecast, for instance. Demand for tinplate worldwide is expected to continue to boom. Even during the general steel downturn the tinplate users—the can-makers—have been taking a bigger tonnage each year. In Britain, British Steel, the only tinplate producer, has had difficulty in keeping up with the growth in demand in the home market while continuing to maintain an export trade.

In Britain the British Constructional Steelwork Association has tried to help its members with a strong export drive with emphasis upon Middle East business. Steel-makers and stockholders have co-operated to try to offer a package deal type service on contracts there and to ensure a proper flow of steel needed on site.

The international construction industry is of vital importance to the steel stockholders. When it starts to become busier the fortunes of the stockholders will at once improve.

R.H.

When you buy stockholder steel you have a problem

The problem of deciding which steel stockholder to buy it from. Are you equipped to make such a decision? Answer these questions and find out.

- 1 You are a steel buyer, it's Friday afternoon—late. There's a panic on to get some steel for an important job. Do you
 - a Go home and forget about it until Monday.
 - b Worry all the weekend.
 - c Call Cashmores immediately.
- 2 A stockholder claims that he is never out of stock of the items you usually buy. Do you
 - a Believe him.
 - b Disbelieve him.
 - c Doubt whether this is so as even Cashmores are occasionally out of stock of individual items.
- 3 Your steel is late arriving. Have you
 - a Not ordered it from Cashmores.
 - b Forgotten the date yourself.
 - c Been given a promise someone can't keep.

- 4 A steel stockholder who is a lot smaller than Cashmores tells you he can cope just as well really, and being smaller can offer a more personal service. Will you
 - a Take his word for it and give him a trial order.
 - b Ask him how much he knows about Cashmores.
 - c Raise your eyebrows in surprise.
- 5 A new steel supplier offers a 24 hour delivery service. Do you
 - a Give him an order even if you don't need it for seven days.
 - b Ask him what penalty he will pay if he fails to deliver within 24 hours.
 - c Remind him that reliability of delivery is what counts most—and that's why you buy from Cashmores.
- 6 You are on the motorway and you see a Cashmores lorry on the opposite carriageway. Do you
 - a Flash your lights and wave enthusiastically.
 - b Grimace.
 - c Smile confidently to yourself.

- 7 A colleague suggests you should try alternative sources to get the best steel bargains. Is he
 - a Completely unaware of Cashmores' competitiveness.
 - b After your job.
 - c Giving sensible advice.
- 8 You need steel to a specification not at all common in your business. Do you
 - a Search frantically through the yellow pages.
 - b Ring one of Cashmores specialist divisions.
 - c Wonder if the little man down the road happens to have a bit.
- 9 A steel stockholder you have never dealt with offers to supply at an "unbeatable" price. You
 - a Disbelieve him.
 - b See if Cashmores can do better.
 - c Snap it up and hope for the best.

- 10 You need regular deliveries of stainless steel at two of your company's factories. One factory is in Glasgow, the other in London. Do you
 - a Contact one man at Cashmores.
 - b Appoint two suppliers in the respective areas and keep your fingers crossed.
 - c Go to Glasgow, then go to London, then back to Glasgow, then back to London before making up your mind what to do.
- 11 Your managing director insists you go to another source for bright bar. Do you
 - a Ring Frank Stacey.
 - b Ring Maccreadys.
 - c Ring Steel Parts.
- 12 A competitor phones you for advice on a steel supply problem. Do you
 - a Agree that a buyer's life is often difficult.
 - b Suggest he comes and works for you.
 - c Tell him it serves him right and to use Cashmores next time.

Check your score

abc	abc
1012	7201
2012	8120
3201	9120
4120	10210
5012	11021
6201	12102

Your rating

25 now/now you must have cheated—or you can't add up

20-24 flattery will get you almost anywhere and we think you're wonderful

15-19 but seriously, you're doing a grand job.

10-14 not bad but still some room for improvement.

5-9 perhaps you should leave the buying decisions to someone else.

0-4 so you've got a sense of humour too.

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GLYNWED

STEEL STOCKHOLDING VI

Cash flow relief sought

AN AVERAGE of about three-quarters of the stockholder's costs are accounted for by what he pays for his steel, so it hardly needs stressing that in a two-year period in which the price of this staple commodity has risen by an average of 40 per cent, careful cash flow control has been vital.

All businesses, of course, must give continuous attention to such matters, but in the long period of almost unchecked expansion in steel stockholding which preceded the present recession, lack of finesse in cash matters could be easily concealed behind improved performance through increases in the volume of steel sold.

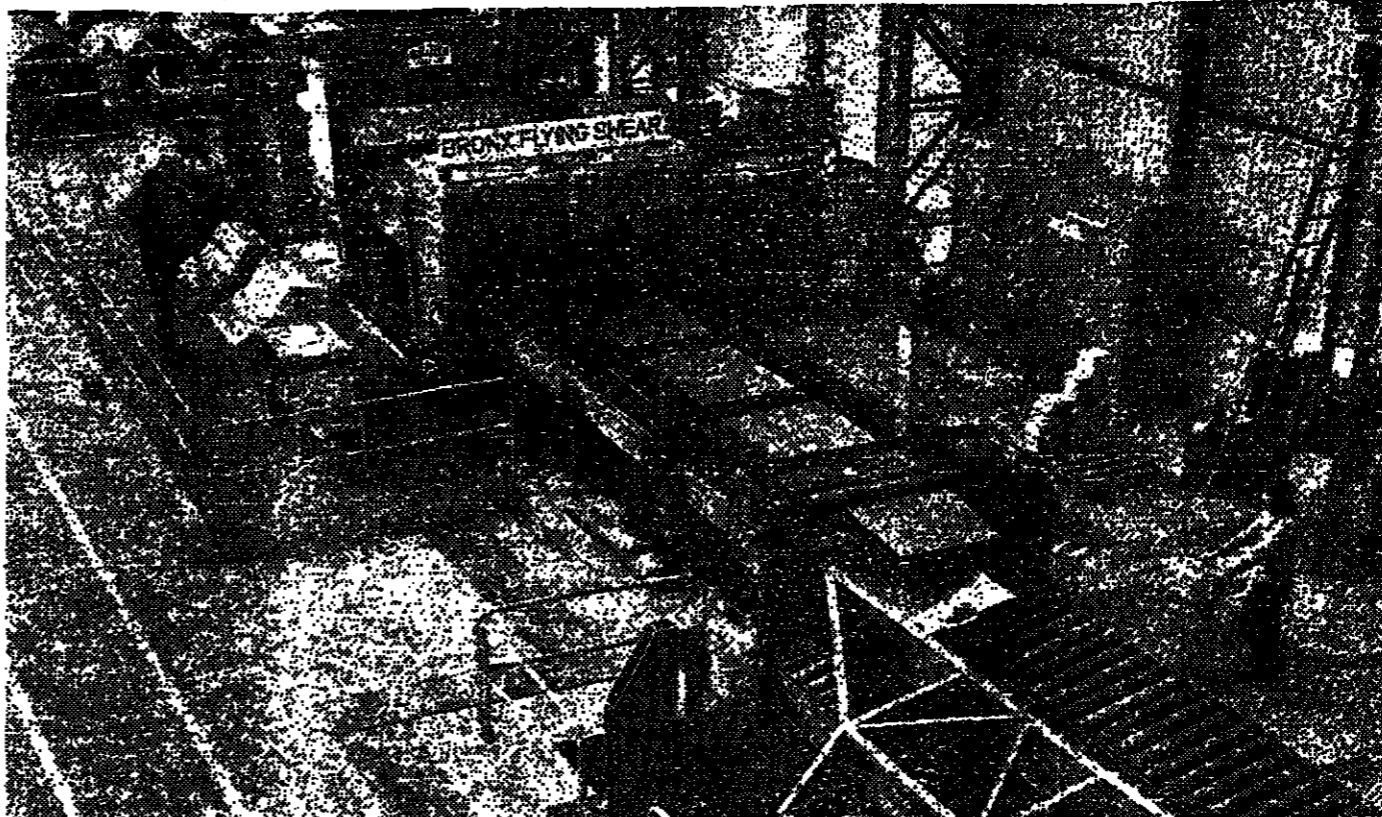
But with volume more or less flat, the stockholder found himself buying and selling one intake of steel within one price range (because at the start of the recession the price code forbade the sale of old steel at new prices) and then having to buy his next order at a substantially increased price. Adding to the strain, of course, was the fact that interest rates were climbing to unprecedented levels.

Some of these difficulties were capable of resolution through sensible adaptation on the part of Government and since the National Association of Steel Stockholders has a record which many trades associations must envy of getting the Government to see its point of view, there has been considerable progress. NASS was heavily involved in persuading the Chancellor to include stock appreciation tax relief measures in his 1975 Budget and it is now expected that stock relief will remain a permanent feature of U.K. fiscal policy.

Eased

Similarly, the Association, through its cash flow committee, has pressed successfully for modifications in the price code which have greatly eased the purely inflationary costs of stock turnover. At present, negotiations are in progress over the position of stockholders under the terms of the revamped price code which will operate from August.

The Association has put to



This flying shear, necessary capital equipment for most plants, cuts accurate lengths of flat steel at an operating speed of 60 metres a minute.

the Government a variety of ideas for relieving the pressures on its members, including some element of relief for the cost of interest payments accumulated during two to three years of fairly static real profit levels. Other suggestions have been restoration in full or in part of the 10 per cent cut in gross margins on which stockholders' price code reference levels are based or alternatively some improvement of the somewhat complex formula governing net margin control. This margin is at present effectively pegged at 6 per cent.

Another area of public negotiation with officials concerns the whole principle of current cost accounting and the Morpeth proposals contained in exposure draft 18. No one needs to con- sider the stockholder that historic cost accounting is misleading to the point of being dangerous and stockholders are in the forefront of those anxious to see speedy legislation for change.

The Stockholders' Association does have some reservations, however, about aspects of the Morpeth plan. In general terms it wants to see what it regards as basically a straightforward set of proposals simplified for public consumption and in particular it is worried about the idea of a staggered start for the scheme, with companies being drawn into the system over a period of years according to their size. The Association believes that its members, which span a wide range of sizes, are capable of coming into the system together and is afraid that if they do not do so there will be some unfairness of competition during the transition.

Those then are the public platform issues—all of them of the greatest importance for every stockholder, but they are not precisely the day to day cash flow anxieties with which steel stockholders have had to come to terms in the last year or two.

No matter how aware he is of the cash flow question, every stockholder has made difficulties for himself during the recession. A not untypical case might be that of Edward S. Johnson, the Tyneside general steel stockholder with a £4m. annual turnover, setting it somewhere in the middle rank of stockholding businesses.

Mr. Edward Johnson, the company's chairman and managing director, says the company is now selling 27 per cent less steel than it was at the height of good fortune in 1973. But stock levels have only been allowed to fall by 10 per cent in order to preserve a range of stock adequate to meet the needs of established customers.

The shortfall, and many must be bigger than that at Johnson, must be met by borrowing. This has meant a mixture of short and long debt for most companies and both these financing measures bring their own perils. Short debt has, until very

recent weeks, been almost prohibitively expensive. Long debt, also expensive, carried the added disadvantage of being a possible shackle to future expansion in the event of a market upturn.

In a period of rapid inflation too, the stockholder has been faced with the anomaly that the livelier his business, the faster he turns his stock over and the more short term finance he needs to keep the wheels turning. The depressed state of the market has served as a controlling factor here, but most companies have had to settle for pecking along at four times yearly turnover when the ambitious stockholder knows that in the right climate he might double that rate with existing fixed asset capacity.

Another factor which further tightens the strings on efficient cash management is the businessman's oldest problem of customer debt. Like most retailers, the stockholder is bound to regard an average 60-

day customer payment as the best achievable rate while he himself must pay to the steel maker within days. Because the value of his stock is so great and that of his suppliers so kind has even less latitude than retailers, who can jockey their suppliers' degree.

Not that it is quite so simple as that. The fact that the British Corporation's share of the market has slumped from 70 to 55 per cent in the last year is indicative of the fact that many steel buyers have sought foreign sources for their steel in their holders' warehouses, enormously, but there is doubt that for many imports have provided means of easing the shortage.

Ideal

The National Association of Steel Stockholders speaks for most of its members, when it warns of a debasement of inventory through the inclusion of dumped steel and sets the ideal of a strong, reliable industry capable of both supply and quality.

These are the broader perspectives of recession, it is tempting to say, the financial scene is departing from that perspective simply because there is an uncertainty about when upturn in steel trading will come.

Like wise the stockholder has seen one upturn with last winter, the risk of a myopic approach to finance. Perhaps the relevant question at the moment is: how are we to finance expansion when it becomes possible?

Mr. Johnson believes could be serious difficulty for a lot of stockholders. A part of next year's business does start to be in it is not so worried about he calls "a good old-fashioned boom," because that is upturn, with cash chasing steel which isn't stock and the stockholder some extent, calling the tune, has inherent value for the middle-man. There is what must be as more likely a gentle needing to be helped like a hot-house plant stockholder will face the need to find more cash out the excitement of a leather boom to assist the persuasion of his bank manager.

Mr. Johnson's advice is enough. "Keep close to bank manager," he says, keep him informed of what trends in your business he believes too that from the companies, we may see need to other methods of finance such as the rights issue.

This is a sound idea, certainly, but it is made so by the fact that it can be addressed to an industry which has survived with a resilience a full-scale recession and which has had to it the value of both external management and stable external conditions.

K.G.

High cost of mechanisation

MECHANISATION IS making considerable progress in the steel stockholding business. But the cost of the capital equipment involved can be daunting. Any organisation thinking about setting up a reasonably-sized steel stockholding operation today could quickly account for equipment worth between £2m. and £3m.

If the stockholder is dealing in flat roll products he would need decolling lines. And a line able to handle coils of 12.5mm steel would set him back in the region of £200,000 to £250,000.

The stockholder would also need a slitter capable of dealing with products of up to 11mm. Here again the cost would be perhaps £300,000 or so.

Then there is the blanking line which takes a coil, cuts it to length, feeds it through slitting units and then stacks the blanks. This would cost at least

£400,000. A similar mechanised unit for sheet steel, which chops it up into blanks and has a slitter type of action, would be considerably cheaper.

The mechanised stockholder would also probably want a semi-automatic strapping machine for slit coil.

Any stockist dealing with general steels might buy a semi-automatic saw, possibly with its own conveyor system, as conveyors play a more and more important role in stockholding. There are sophisticated saws for tube cutting. And profilers are swiftly becoming items of electronic equipment.

What lies behind this mechanisation process? One answer is that the stockholder can give his customers a better service. If the user goes to the mills for his steel he must buy standard-sized plate. That means he has to scrap the bits he cuts off the ends and the sides. By buying from a stockholder he can have an exact length cut from a coil, thus saving on scrap. Savings can be considerable now that steel coils go up to a thickness of 12.5mm.

At the same time, mechanisation helps the stockholder cut his own costs. In the words of one equipment supplier: "Stockholding is a cut-throat to-day. That kind of rate of inflation takes some time to adjust to psychologically. A year or so ago an estimate was made by the William King company—that the U.K. stockholding sector is using more than 1,000 metal sawing machines, more than 150 wide sheet and plate cut up, slitting and combined lines, and nearly 100 profiling machines and other equipment."

One of the main problems, as far as the private sector is concerned, is that the recession has left the steel users—the stockholders' customers—short of work. So they have tended to keep the processing work for themselves, even going to the extent in some

cases of purchasing the machinery necessary.

At Ductile Engineering, a company which can provide most of the equipment for any stockholder involved in a major investment programme (the main exception is that it does not make gullotines), they have had to make major efforts to push up exports because the home market has been holding back on purchases.

Ductile has found markets such as India and the Eastern bloc countries still spending money on steel processing equipment. But the competition for the business available has been as intense as any in other sectors of the steel industry, with Japanese and Italian manufacturers cutting prices to the bone.

Bright

All the prospects in the medium and longer term for steel stockholding in the U.K. seem reasonably bright. Yet companies are holding back on investment. Ductile Engineering believes the big problem is the amount of capital investment which is now necessary. Three or four years ago a stockholder could buy a decolling line for £80,000 to £90,000 instead of the £250,000 he might have to pay today. That kind of rate of inflation takes some time to adjust to psychologically.

Higher prices for the equipment means that even the larger companies need to take a cautious approach about purchases. The need for such equipment to be in use for a very high proportion of the time accounts, been spending some money on mechanised equipment.

All this was reckoned to be worth around £50m. But what the replacement value might be it is difficult to guess.

Another constraint on investment by the stockholders to-day is that there is heavy overcapacity in some sectors. A 1974 survey by the National Association of Steel Stockholders, for

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July 1975

Joy in 1975

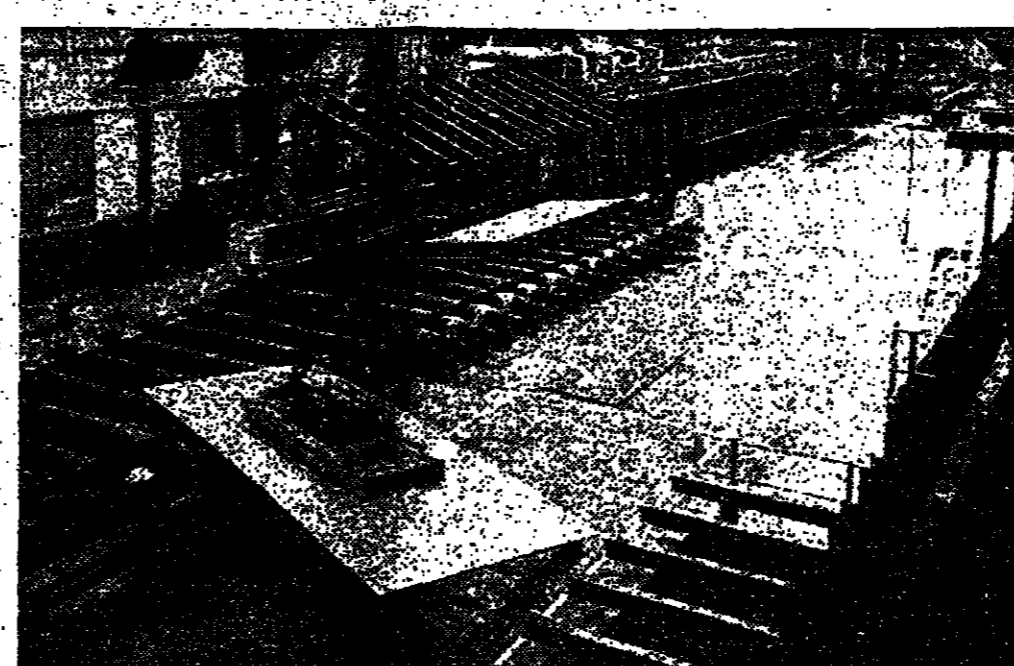
STEEL STOCKHOLDING VII

Stainless wants more of the market

GROWTH IN the use of stainless steel in Britain has been slow at times painfully so. Sheffield where stainless steel activity is largely centred. The profit centre is handling a £190m. investment to develop steelmaking and sheet rolling facilities at Panteg, South Wales, and to bring to fruition one of the world's biggest stainless steel production plants which is being built at Shepcote on the twin Shepcote Lane and Tinsley Park sites.

Known now simply as Shepcote the project includes a twin furnace plant consisting of an electric arc furnace of 180-tonne capacity which supplies a refining furnace. The tonnage produced will equal the best Japanese and American installations and there is provision to double up the furnace capacity in the new melting shop if the need arises in the 1980s.

Secondly the corporation is going out hard for export business. Clearly other stainless steel producers are going to suffer from the commercial aggression. The Swedes who do not have modern flat product plants to compete on the scale of the BSC investment are virtually writing off their chances of staying in the British market and expect to have to fight hard against BSC in other world markets. Britain will move up from eighth place to fourth place in the world stainless steelmaking league as the new plants come on stream.



View along the plate pickle line at BSC Stainless' new plate finishing plant at Shepcote Lane, Sheffield.

The inevitable reaction of the steel stockholders has been to be cautious about handling shares or becoming too dependent upon it to help provide growth in business. Many have held the water but few have been the plunge. The interesting fact, however, is that those who have gone in for stainless steel stocking in a big way have not lived to regret it. It is true that they had to adopt more conservative sales pitch than is traditional in steel stockholding but those who have tried sincerely profess themselves well satisfied with the results.

That is the past and the present. It is the prospect that is exciting in the stainless steel business. And that is where the companies already in stainless steel stockholding expect to lean-up, with their organisations and contacts, both with producers and customers.

Gordon Hill also has the commercial advantage against his big competitors in Japan, West Germany and France, that his plants will be producing more cheaply than existing plants thus enabling British Steel exports to be attractively priced while the corporation is still making a profit.

are Alfred Simpson, Alcan Metal Centres, Bramall and Wax, Brown and Tawse, GKN Steelstock (Mulberry), and C. Walker. That is the current line-up but British Steel Stainless has been holding a series of private discussions with other stockholders with the object of enlarging the circle. The inner circle is seen by British Steel Stainless as a strong front line associated with, and loyal to, the corporation from which the market for stainless steel can be attacked. Each member company agrees to take nearly all of its stainless steel requirements from British Steel at special prices at least per cent over other customers—and in practice often considerably more. Although stainless steel

stockholding has had its problems down the years many companies have dabbled in it. One of the purposes of the two-tier stainless system is to encourage rationalisation of the industry. That will be partly achieved by takeovers and market pressures. It will also be helped to come about because trading will not be so attractive in the future for the companies specialising in importing stainless steel into Britain. They will be fighting against a good and plentiful home product produced on the most up-to-date plant in the world.

The services provided by the top-tier of stainless steel stockholders have also been given a great deal of thought and ideas are still being developed between the corporation and the companies. One role they can play is that of strategic stockholder. They are maintaining stocks at a level of some 5,000 tonnes of plate and 12,000 tonnes of sheet and strip. Another role is to act in accordance with the fundamental concepts of the two-tier system by engaging in inter-trading with other stockholders to supply the small men.

Integrated

New finishing plant to produce wide stainless steel plate up to 3 metres in width and 11 tonnes in weight has gone into production this year. Work is going on to build two new rolling mills and the corporation is considering whether to build a third either at Sheffield or Panteg. There is also to be a big investment on associated installations at Shepcote so that almost all activities for integrated stainless steel making and finishing can be concentrated there.

This major investment will lift British Steel's stainless production capacity quickly from 100,000 tonnes a year to at least 220,000 tonnes a year. The biggest headache is how to find outlets for so much extra stainless steel.

To gear up the home market to handle more British-made stainless, Derek Bray, director of British Steel Stainless, and Gordon Hill devised a long-term sales strategy. It is founded upon a two-tier stockholding system which is not so very different from the stockholding industry's thoughts on possible developments for the entire industry, as explained elsewhere in this survey.

Six big British stockholders dealing in stainless form the top-tier or "inner circle." They

Special steels form a world apart

THE DEVELOPMENT of special steel stockholding has followed a similar pattern to that of special steelmaking itself. Smaller, often independent companies, clearly apart from the bulk producers and stockists, aiming for a carefully defined market, and prepared to back up this drive with considerable technical and service resources.

Size and tonnage turnover among these companies may seem small compared with the giants of the stockholding industry, but the value of their stocks and their services to advanced industry are considerable.

One of the major U.K. producers of tool and high speed steel is the Samuel Osborn group, whose interests in stockholding began to develop years ago, when the company recognised the increasing importance of finished stock and stockholding activities.

It acquired High Grade Steels in Hall Green, Birmingham, in 1964, and an enlarged and extensively re-equipped warehouse was an integral part of its major Ecclesfield, Sheffield, development in 1971.

The special steel stockholder can range from a company tailor-made to suit a specific market, such as the bar stockists for engineering, to virtual supermarket operations handling the rare steels and super alloys of the aircraft industry. In some cases, the special steel stockholders are natural and logical extensions of the steel company itself. These are able to support their sales with all the technical facilities, both in terms of plant and brain power, of the parent company. Others are the true independents, operating as specialised service centres and offering customers not only a specialist in the path such suppliers are now following.

The fact that this investment programme coincided with the overall steel recession helped give extra impetus to the developments. So that we would have the new capacity in hand when trade began to pick up," said company director Mr. Derek Bird.

And, despite the generally sluggish state of the aerospace market at present, he is satisfied with the way the concept has provided a springboard for increasing sales overseas in markets ranging from Japan and India to Canada.

Generally then, the specialist steel stockholder has been able to lean heavily on his expert knowledge and service capacity to weather the lean months. Few will claim that the prospects for the rest of the year are rosy. Most seem to be displaying the inner strength and service expertise that will see them through to better days.

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POLITICS TO-DAY

BY DAVID WATT

A numbness creeps over the body politic

ONE OF the most notorious... of the novelist, is to portray...

The Government's tactical... under two obvious headings...

Party Conference in the autumn... if the understandings of...



Mr. Callaghan: a severe tactical problem.

The effort to circumvent... these difficulties involves an...

They would gain credit with... general public for having said...

Thatcher herself. Her relative... unpopularity, especially with...

Lenient view

It can be argued that the... Liberals will remain permanent...

The second problem for the... Government is more serious...

Labour and Liberal back... benchers. It is becoming more...

Cabinet split; the second total... estrangement of the union...

As with Labour, devolution... and direct elections are very...

The normal answer to this... sort of doubt is that when a...

The result is that there can... hardly be had a time since...

Letters to the Editor

Top rates of income-tax... Mr. J. Pardoe, M.P.

Oxfordshire, have no alternative... to drive a car to work.

For having supported nationalisation... this approach is wholly un-

Fallacious thinking

From Mr. D. Walker. Sir—While not given to the...

Balance of payments

From the Manager. Economic and Project...

Interest rate... From Mr. C. Dyson.

Transferring unions

From the chairman. Engineers and Managers...

Doing the best they can

From Mr. G. Short. Sir—There has been much...

Petrol price

Mr. P. Hazledine. Sir—Your leader on petrol...

New mortgage payments

From Mr. B. Wicks. Sir—One point that has not...

To-day's Events

Balance of payments figures for April. Building Societies' Association...

Nine men, including a Bank of England official, due to appear before Chief Metropolitan...

two-day conference on passengers' problems, London. International Air Fair opens...

EXHIBITIONS

Jubilee Masterpieces, Victoria and Albert Museum, Exhibition Road, S.W.7 (until December).

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Burton £4.5m. loss midway -recovery plan details

LAST year's second half loss of £4.5m. at The Burton Group has deepened in the 28 weeks to February 28, 1977, to £5.5m. pre-tax and Mr. J. O. Rice, chairman, reports that priority has been given to restoring profitability through a programme involving a major stock reduction programme, which necessitates an exceptional stock reserve, reducing operating profit by the closure of 57 uneconomic shops, which results in redundancy payments and provisions of £2.0m, a further reduction of manufacturing capacity, due to a sharp fall in demand, which involves costs and provisions of £1.5m and a major cost reduction programme, which requires reorganisation provisions of £1m. Elsewhere in the group, Top Day's performance was again outstanding and Peter Robinson, Mr. Ryan was turned into a profit of £1.05m. in the comparable period of 1976. Sales were held at £78.5m. (1976: £78.5m). However, if businesses sold or leased are excluded, there is an increase of 9 per cent, he adds. Sales for the 10 weeks since January 29, 1977, are 7 per cent. over last year or 10 per cent. if businesses sold or leased are included.

Mr. Rice says: "The programme is being developed in discussion with unions and employees and includes a major stock reduction programme, which necessitates an exceptional stock reserve, reducing operating profit by the closure of 57 uneconomic shops, which results in redundancy payments and provisions of £2.0m, a further reduction of manufacturing capacity, due to a sharp fall in demand, which involves costs and provisions of £1.5m and a major cost reduction programme, which requires reorganisation provisions of £1m. Elsewhere in the group, Top Day's performance was again outstanding and Peter Robinson, Mr. Ryan was turned into a profit of £1.05m. in the comparable period of 1976. Sales were held at £78.5m. (1976: £78.5m). However, if businesses sold or leased are excluded, there is an increase of 9 per cent, he adds. Sales for the 10 weeks since January 29, 1977, are 7 per cent. over last year or 10 per cent. if businesses sold or leased are included."

Matt. Hall exceeds forecast

COMPARED WITH the mid-term forecast of net loss £5m, Matthew Hall and Co., the industrial engineering concern, has turned in record pre-tax profits of £4.6m. for 1976, which represents an advance of £1.7m. on the previous year. A further advance is forecast for the current year. The directors explain that the contribution to profit from both the U.K. and overseas operations of the mechanical and electrical services business exceeded expectations. A good contribution to profits was made from this part of the operations in Australia.

Turnover	1976	1975
Trading profit	2,127	2,122
Mechanical and electrical	2,127	2,075
Share of loss of associate	56	540
Interest receivable	187	243
Finance	4,620	2,613
Net profit	1,238	1,527
Dividends	1,238	1,527
Retained	1,238	1,527

NSS News midway advance

PRE-TAX profit for NSS Newsagents rose from £11.7m. to £16.1m. for the six-month period to April 3, 1977, on sales up to £22.33m. against £18.7m. The directors say that the improvement was mainly due to the elimination of unprofitable sales, mostly cigarettes, cigars and tobacco; also expansion, with a net increase of 16 branches, plus extensions and improvements to existing branches. It also reflects steps that the group has taken to improve the sales mix as mentioned in last year's annual statement. Indications are that the results will be maintained in the second half, despite a wage increase for the company's shops staff payable in the last three months of the current year, the directors state. Earnings per 10p share are shown as 4.85p (3.51p) and the interim dividend is lifted to 0.7p (0.6p). Total for 1976-77 was £1,900,340 paid from record profits of £2,377,000. After tax £818,000 (£603,000) net profit came out at £797,000 (£561,000).

Bradwall payment at 5p

AFTER SHOWING a rise of £102,000 at the seven-month stage, Bradwall (FMS) Rubber Estate has turned in profits of £2.15m for 1976, compared with £252,406. The dividend is more than doubled, from 2.2100p to 5p net per 10p share. And a three-for-one scrip issue is proposed.

Turnover	1,147,388	82,143
Rubber profit	34,741	19,280
Dividends and scrips	125,117	25,117
Invest. profits	1,812	8,208
Replanning expenditure	42,242	39,128
State aid	1,182	—
Profit before tax	62,189	22,406
Dividends	33,041	14,867
Retained	1,888	43,539

Bradwall payment at 5p

INGERSOLL GROUP
The directors of Ingersoll Group propose to cancel the outstanding dividend of 21p per cent, unsecured loan stock 1969-72 on payment by Heron Corporation, which owns nearly 100 per cent. of the Ordinary.

Warner Est. ahead at halfway

On turnover of £238m. against £218m. Warner Estate Holdings achieved an increase in taxable profit from £327,903 to £388,389 for the six months to March 31, 1977. Earnings per 25p share are up from 1.88p to 1.92p and the net interim dividend is lifted from 1.2p to 1.3p. Last year's total payments were £2,284,559 from profits of £724,588. Tax for the first half took £195,852 (£138,810) and there were minorities of £66,000 (£42,000). The directors state that the balance of tax losses brought forward of £33,000 has been utilised by Lancaster Holdings for the six months resulting in a tax saving of approximately £1.7m (£33,000). There will be no such saving in second-half of the current year. Net proceeds of sales of houses and flats totalled £720,000, after deducting estimated tax of £88,000.

Disappointing start for Currys

FOLLOWING THE cut in VAT in April 1976 business continued brisk for Currys but since the start of the current year levels of trading have proved disappointing, reports Mr. Dennis Curry, chairman. With no boost to the group's merchandise from the recent Budget and no indications of any imminent increase in real consumer spending power, there appears to be no solid grounds for optimism about sales prospects for the next few months, he adds. He feels that the group is exceptionally well placed to take advantage of any increase in business activity. Both financially and in terms of its market coverage and organisational structure, the group has for many years been strongly based. This strength is increasing slowly but continuing.

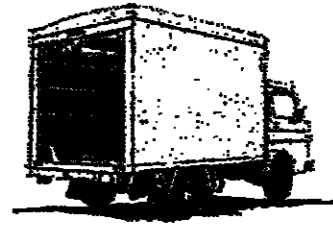
In the year ended January 28, 1977, group pre-tax profit increased from £8.8m. to £10.03m. on a turnover of £14.5m. (£14.75m.). The chairman says that the pressure on margins has remained severe the high level of turnover achieved combined with close control over costs has resulted in the very satisfactory outcome. Referring to Loyds Retailers, which at the time of purchase was traded at a loss, the chairman says that this subsidiary has now been fully integrated into the group and made a small profit in the latter part of the year. Eight 140-unit stores have been closed and there are to be further closures. The Currys group is currently trading through 492 units and this total is not likely to vary much during the current year as projected closures are likely to be matched by planned openings in other towns.

The annual report reveals a current cost profit of £5.73m. Assets per share on the same basis amount to 255.5p (£25.5p) compared with 123.2p (106.5p) historical. At the year end there was an increase in bank balances of £212,000 (£186,000 decrease) and a decrease of £1.85m. (£5.2m. increase) in short-term deposits. Short-term deposits stood at £8.7m. Meeting, 45-60 Uxbridge Road, W. June 10 at 12.30 p.m.

Whitbread Investments improvement

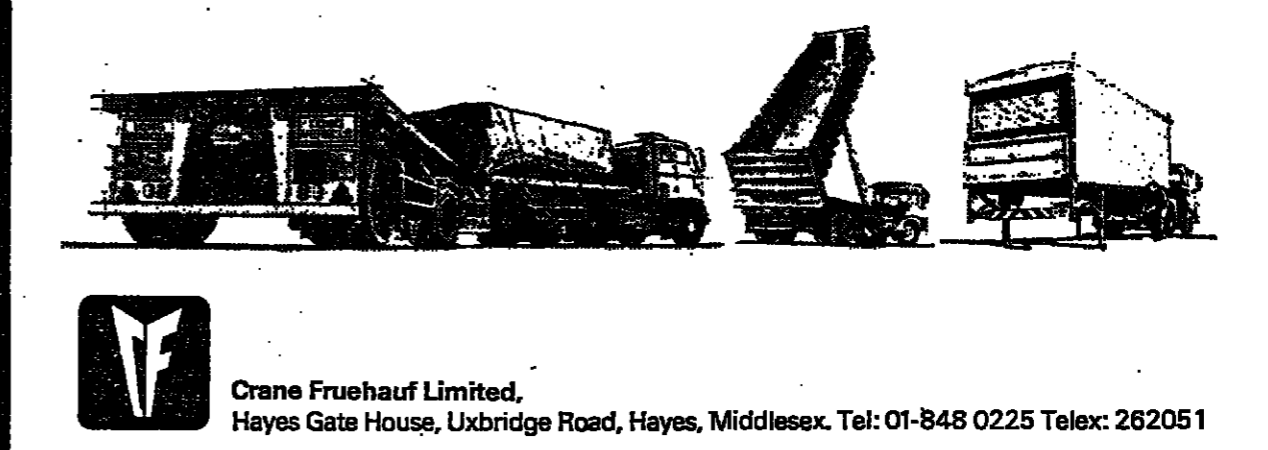
For the year to March 31, 1977, Whitbread Investments reports profits up from £2.25m. to £2.44m., subject to tax of £0.92m. against £0.85m. Earnings per 25p share are ahead from 3.33p to 3.83p and the dividend is lifted from 3.25p to 3.75p with a final payment of 2.383p net.

Crane Fruehauf Strong recovery continues



The Twenty-seventh Annual General Meeting of the Company was held at the Connaught Rooms, Great Queen Street, London WC2 on Thursday, 12th May 1977. The following salient points are extracts from the circulated statement of the Chairman, Mr. Angus Murray.

- Turnover for the year amounted to £47.7 million, an increase of over 40 per cent on the previous year.
- Exports accounted for £10.25 million, compared with £7.8 million in 1975.
- Pre-tax profit £1.51 million, which was in excess of the forecast of not less than £1.4 million given to shareholders in the Company's letter of 4th November 1976, in connection with the bid from the Fruehauf Corporation of America.
- The recommended total dividend of 21.5 per cent compares with 8.8679 per cent paid in respect of the previous year. In the opinion of the U.K. Directors the dividend recommended is fully justified by earnings and adequately provided for by prospective cash flow.
- The current year has begun well and the level of order intake in all parts of the Company is healthier than it has been for over two years.
- Shareholders are reminded of the stated intention of the Fruehauf Corporation of America to make a further bid for the Ordinary shares of the Company which it does not already own and in these circumstances it is regretted that no further forecast of the results for 1977 can be made at present. Sufficient to say, however, that the U.K. Directors, as they have already informed shareholders, expect profits for the current year to be substantially in excess of those for 1976.



Crane Fruehauf Limited, Hayes Gate House, Uxbridge Road, Hayes, Middlesex. Tel: 01-848 0225 Telex: 262051

MONEY MARKET

Further signal on rates

Bank of England Minimum Lending Rate 8 1/4 per cent. (since April 29, 1977) Day-to-day credit was in short supply in the London money market yesterday and the authorities at the opportunity to reinforce a previous day's message on interest rates. The Bank of England gave a large amount of distance by lending a moderate amount overnight to three or four discount houses, at Minimum Lending Rate of 8 1/4 per cent. The authorities also lent a moderate amount for seven days to the number of houses at MLR, underlining the fact that they do not wish to see a significant fall in the Treasury bill rate at day's tender. Discount houses buying rates for three-month Treasury bills were steady at 7 1/2 per cent. and the market was also helped by a slight fall in the note circulation. Discount houses paid around 7 1/2 per cent. for secured call loans in the early part, and closing balances were generally found at 6 1/4 per cent., although some houses paid up to 8 per cent. for late funds. In the inter-bank market overnight loans opened at 7 1/4 per cent., ranged between 7 1/2 per cent. and 8 per cent. before easing to 6 1/4 per cent. but finished at 6 1/2 per cent. in places. Rates in the table below are nominal in some cases.

May 12 1977	Overnight	Interbank	Local Authority deposits	Local Authority negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills	Right Bank 30 days	Prime Trade Bills
1977	7 1/2-7 3/4	6 1/2-7	7 1/4-7 3/4	7 1/4-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4

Local authorities and finance houses seven days' notes, others seven days' fixed. * Longer-term local authority mortgages are normally three years 12 1/2 per cent.; four years 13 1/2 per cent.; five years 13 3/4 per cent. * Bank bill rates in area buying rates for prime paper. Buying rates for four-month bank bills 7 1/2-7 3/4 per cent.; four-month trade bills 7 1/2 per cent.

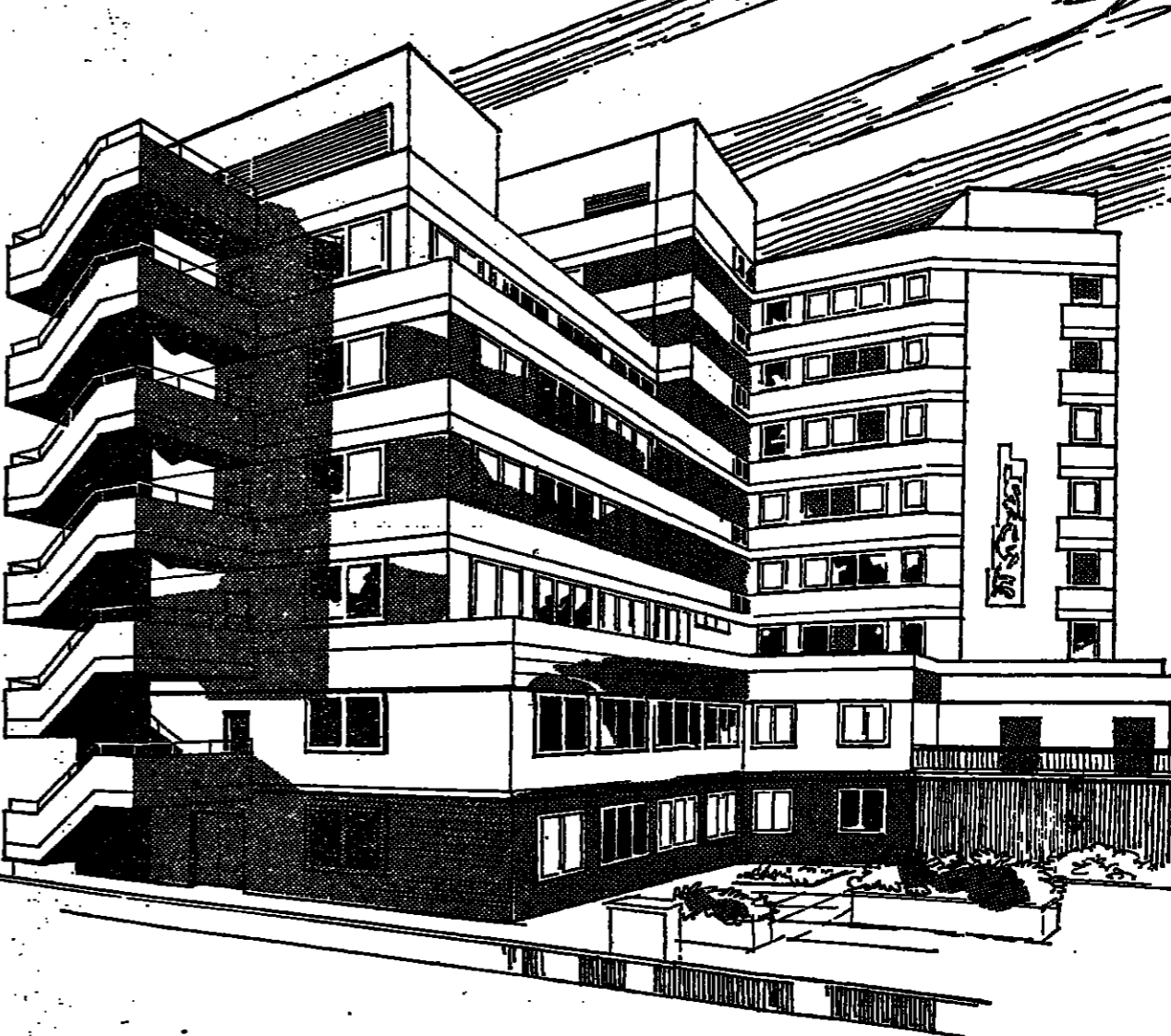
Approximate selling rate for one-month Treasury bills 7 1/2 per cent.; two-month 7 1/2 per cent.; and three-month 7 1/2 per cent. Approximate selling rate for one-month bank bills 7 1/2-7 3/4 per cent.; two-month 7 1/2 per cent.; and three-month 7 1/2 per cent. Finance House Deposit Rate (published by the Finance Houses Association) 8 1/4 per cent. from May 1, 1977. Clearing Bank Rate Rates for small sums at seven days' notice 4 per cent. Clearing Bank Rate for lending 8 1/4 per cent. Treasury Average tender rates of discount 7.187 per cent.

BROWN BOVERI KENT 9 months profit well up on previous 12

TURNOVER	£47.1 million
PROFIT BEFORE TAX	£3.0 million
NET PROFIT	£2.0 million
NET DIVIDEND	1.2p per share

- Turnover rose by 14%—orders by slightly more—compared with the same nine months of 1975.
 - Nearly 70% of total sales are to customers outside the U.K.
 - Profit before tax rose to 6.4% of sales, compared with 4.5% in the previous twelve months.
 - The net dividend has been increased from 1.0p to the equivalent of 1.6p per share in a full year.
- Brown Boveri Kent Limited (54.5% owned by BBC Brown Boveri of Switzerland), is the parent company of George Kent Limited, the international group in industrial instruments, process control and liquid metering.
- Copies of the report and accounts covering the 9 months period to 31 December 1976 are available from the Secretary, Biscot Road, Luton, Bedfordshire LU3 1AL.

Attention all Managing Directors!



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JONES LANG WOOTTON
Chartered Surveyors

33 King Street
London EC2V 8EE
Telephone: 01-606 4060
Telex: 885557

APPOINTMENTS

Managing Director

AGRICULTURAL MACHINERY

for a notably successful company with a widely acclaimed reputation for high quality and technical leadership in its product range.

• THE task is to assume responsibility for the total management of the business and, building on success, to accelerate further profitable growth by expanding the existing business and extending the present product range.

• THE requirement is for a qualified engineer, preferably a graduate, with a record of success in managing and expanding an engineering business concerned with manufacturing, assembly and marketing. Career progression will have included design and development experience. An empathy with the farming community combined with some understanding of husbandry problems would be a particular advantage.

• SALARY to match experience and achievement is for discussion with around £20,000 as the salary indicator. Attractive West Country location.

Write in complete confidence to Sir Peter Youens as adviser to the company.

TYZACK & PARTNERS LTD

10 HALLAM STREET LONDON W1N 0JF
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

Elizabeth Arden

A vacancy has occurred for a

FINANCIAL CO-ORDINATOR

In the European Area Office of this leading cosmetic house based in the West End of London.

The position, which reports to the Director of Business Planning for Europe, co-ordinates routine financial reporting and analysis for Elizabeth Arden's operations in Europe and is responsible for business studies on projects and marketing opportunities.

Applicant should possess the analytical ability and interpersonal skills to establish and maintain an effective working relationship with affiliate management at all levels in Europe and Indianapolis where the parent company is based. Consequently, some travel will be required.

The position should interest an MBA or graduate with 2/3 years experience in financial analysis.

Please write with full details to:

John D. Pasch, Area Personnel Director,
Elizabeth Arden,
Henrietta House, Henrietta Place, LONDON W1M 0ED

Elizabeth Arden

GILT AND MONEY MARKET DEALER

Required by Manchester Exchange and Investment Bank Ltd. for the development of an exciting new opportunity.

The ideal applicant will be mathematically minded and have had a minimum of five years' experience of the Gilt market with a good working knowledge of the Money Market and fixed interest portfolio management.

Preferred age 30. Salary negotiable. Written applications in confidence to the Secretary, Manchester Exchange and Investment Bank Ltd., Shelley House, Noble Street, London EC2V 7JQ.

FOREIGN EXCHANGE CLERK

REQUIRED BY LONDON STOCKBROKERS

Successful applicant will be conversant with Exchange Control regulations and be capable of arranging settlement of all types of overseas bargains and currency. Salary by arrangement. Pension scheme and season ticket scheme. For further details please telephone Mr. Page 01-377 9242

COMPANY NOTICES



FORD INTERNATIONAL CAPITAL CORPORATION

NOTICE OF EFFECTIVE DATE FOR ADJUSTMENT OF CONVERSION RATE FOR THE 6% CONVERTIBLE GUARANTEED DEBENTURES DUE 1983

On May 12, 1977, the stockholders of Ford Motor Company ("Ford") adopted a resolution approving the amendment of the Certificate of Incorporation so as to reduce the par value of Ford's capital stock from \$2.50 to \$2.00 a share and to change and reclassify such stock so as to effect a 5-for-4 stock split. New stock certificates representing additional whole shares resulting from the stock split will be distributed to stockholders about June 24, 1977.

Table with columns for CREDIT BANK and CITIBANK, listing branches in Amsterdam, New York, Frankfurt, etc.

INTERNATIONAL APPOINTMENTS

THE COLLEGE OF ENGINEERING KING ABDULAZIZ UNIVERSITY, JEDDAH SAUDI ARABIA

The college of Engineering, King Abdulaziz University, Jeddah, Saudi Arabia, invite applications for Ph.D Physicists and Chemists. We need Physicists to teach and/or run an undergraduate laboratory, an applied program in electro-optics and Nuclear Physics. We require Chemists for teaching with analytical experience preferably in Nuclear Activation Analysis or IR-UV Spectroscopy. Industrial experience also appreciated.

The pay-scales are comparable with those of U.S.A. A housing or a housing allowance is provided. There is no local income tax. A maximum of four Air travel tickets are issued for use of employee and family including the 2 months summer vacation. The contracts are for one year and are renewable. Schooling for children is expensive but may be provided this year by the University.

In applying please specify the position you wish to be considered for and enclose your curriculum vitae and supporting documents with names of two references and a summary of your Ph.D Thesis. Please reply not later than June 30, 1977, to:

College of Engineering,
King Abdulaziz University,
PO Box 1540, Jeddah,
SAUDI ARABIA

CIVIL ENGINEER

Emphasis on building and not less than 8 years' experience required for post of

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UNIVERSITY OF PAUWAU, NEW GUINEA

ASSISTANT ACCOUNTANT An Assistant Accountant is required to take charge of the financial control and insurance operations of the University. The salary covers 15% superannuation and 15% gratuity. The successful applicant will be a graduate in accountancy and possess a minimum of 5 years' experience in a similar position. Applications should be sent to the Registrar, University of Papua New Guinea, P.O. Box 10, Port Moresby, New Guinea.

LEADING TRINIDAD & TOBAGO ENGINEERING FIRM REQUIRES:

ENGINEERS, DESIGNERS, TECHNOLOGISTS, CONSTRUCTION MANAGERS, SITE INSPECTOR For work on design, procurement and construction plus large scale infrastructure and industrial projects. Submit full resume to: P.O. BOX 1262, PORT OF SPAIN, TRINIDAD, WEST INDIES Unsuitable applications will not be acknowledged.

COMPANY NOTICES



FORD INTERNATIONAL FINANCE CORPORATION

NOTICE OF EFFECTIVE DATE FOR ADJUSTMENT OF CONVERSION RATE FOR THE 6% CONVERTIBLE GUARANTEED DEBENTURES DUE 1988

On May 12, 1977, the stockholders of Ford Motor Company ("Ford") adopted a resolution approving the amendment of the Certificate of Incorporation so as to reduce the par value of Ford's capital stock from \$2.50 to \$2.00 a share and to change and reclassify such stock so as to effect a 5-for-4 stock split. New stock certificates representing additional whole shares resulting from the stock split will be distributed to stockholders about June 24, 1977.

Table with columns for CITIBANK and KREDIETBANK, listing branches in New York, Amsterdam, Milan, etc.



FORD INTERNATIONAL CAPITAL CORPORATION

NOTICE OF EFFECTIVE DATE FOR ADJUSTMENT OF CONVERSION RATE FOR THE 6% CONVERTIBLE GUARANTEED DEBENTURES DUE 1986

On May 12, 1977, the stockholders of Ford Motor Company ("Ford") adopted a resolution approving the amendment of the Certificate of Incorporation so as to reduce the par value of Ford's capital stock from \$2.50 to \$2.00 a share and to change and reclassify such stock so as to effect a 5-for-4 stock split. New stock certificates representing additional whole shares resulting from the stock split will be distributed to stockholders about June 24, 1977.

Table with columns for CITIBANK and KREDIETBANK, listing branches in New York, Amsterdam, Milan, etc.

LEGAL NOTICES

No. 945596 of 1977 In the HIGH COURT OF JUSTICE Chancery Division Companies Court the Matter of G. AND R. INVESTING LIMITED and in the Matter of the Petition for the Winding-up of the above-named Company by the High Court of Justice was on the 11th day of May 1977 presented to the said Court by IVOR ROYCE of 48 Vauxhall Road, London, N.W.1, a member of the above-named Company, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2 at 11.00 o'clock on the 23rd day of June 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the hearing is to appear at the time of the hearing in person or by his counsel or by his solicitor. A copy of the Petition will be furnished to the undersigned on any creditor or contributory of the said Company requesting such copy on payment of the requisite charges for the same. CHARLES HUNT & CO., 11, Sun Street, London, E.C.4. Ref. No. Tel: 01-497 3333. Solicitors for the Petitioner.

PUBLIC NOTICES

LOCAL AUTHORITY BILLS Issued 11th May 1977 at 7.15 pm. LONDON CITY COUNCIL. £1.5m. Applications totalling £12.6m. CENTRAL REGIONAL COUNCIL. Applications totalling £2.2m. NEWBURY DISTRICT COUNCIL. £400,000 bills issued May 12 1977. Applications totalling £250,000 and more are £400,000 bills outstanding. METROPOLITAN BOROUGH OF STOKEPOWELL. £1,000,000 bills issued on 10th August 1977 are offered and issued on 7.400375% p.a. Applications for this issue amounted to £250,000 and there are £4,000,000 bills outstanding.

COMPANY NOTICES

UNILEVER N.V.

DIVIDEND ON CERTIFICATES FOR ORDINARY CAPITAL ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

Final dividends in respect of the year 1976 will be paid on or after 23rd May 1977 as follows: SUB-SHARES OF FL12 IN THE NAME OF MIDLAND BANK EXECUTOR AND TRUSTEE COMPANY LIMITED - net MIDLAND BANK TRUST COMPANY LIMITED A dividend, Serial No. 98 of FL1.006 per sub-share, equivalent to 72.751 pence cent on FL1.006 = £7.2751. DUTCH DIVIDEND TAX relief is given by certain Tax Conventions concluded by the Netherlands. A resident of a convention country will be entitled to a dividend tax at only 15% (FL0.4644, 10.6151 pence per sub-share) provided that the Dutch exemption form is submitted. No form is required from UK residents. Dividend tax is claimed within six months from the above date. If the sub-share is owned by a U.K. resident and is effectively connected with a business carried through a permanent establishment in the Netherlands, Dutch dividend tax at (FL0.7740, 15.1968 pence per sub-share) will be deducted and will be allowed as against the tax payable on the profits of the establishment. Residents of non-convention countries are liable to Dutch dividend tax at 25%. UK INCOME TAX at the reduced rate of 20% (14.5574 pence per sub-share) on the amount will be deducted from payments to UK residents instead of at the basic rate of 35%. This represents a provisional allowance of credit at the rate of 15% for the Dividend Tax already withheld. No UK income tax will be deducted from payments to non-UK residents who submit an Inland Revenue Affidavit of non-residence in the UK. To obtain payment of the dividend sub-share certificates must be listed on the Forms obtainable from:- Midland Bank Limited, New Issue Department, Mariner House, Pepys Way, London, EC2N 4DA Northern Bank Limited, 2 Waring Street, Belfast BT1 2EE Allied Irish Banks Limited, 3/4 Foster Place, Dublin 2 Clydesdale Bank Limited, 30 St. Vincent Place, Glasgow The form includes an undertaking to mark the certificates on release and these must not be lodged with the form.

A dividend of FL1.36 per FL20 against surrender of Coupon No. 98. Coupons will be cashed through one of the paying agents in the Netherlands or through Midland Bank Limited, in the latter case they must be listed on the special form obtained from the Bank which contains a declaration that the certificates do not belong to a Netherlands resident. Instructions for claiming relief from Dutch dividend tax and the income tax are set out above except that UK residents liable to Dutch dividend tax at only 15% must submit a Dutch exemption form. Dutch dividend tax on the dividend is FL.29 at 25% and FL0.774 at 15%. The proceeds from the encashment of coupons through a paying agent in the Netherlands will be credited to a convertible bank account with a bank or broker in the Netherlands. A statement of the procedure for claiming relief from Dutch dividend tax and for the encashment of coupons, including names of paying agents and converting companies, can be obtained from Midland Bank Limited at the above address or from the London Transfer Office.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR London Transfer Office, Unilever House, Backfriers Lane, London, EC4A 4BQ 11th May 1977.

Lloyds and Scottish

Group Interim Results

Table with 3 columns: Six months ended 31/7/77, Six months ended 31/3/76, and Unaudited. Rows include Profit before Taxation, Profit after Taxation, Profit attributable to Lloyds and Scottish Limited, and Dividends per 20p share.

Comments on Results

Demand for instalment credit and leasing finance was at a higher level than during the previous six months. The benefit of this higher volume was largely offset by the steep rise in interest rates.

G. DUNCAN, Chairman.

Lloyds and Scottish Limited, 118 Regent Street, London W1A 3DD. Telephone: 01-734 7040.



Lloyds and Scottish Limited



WE, THE LIMBLESS, LOOK TO YOU FOR HELP

We come from both world wars. We come from Kenya, Malaya, Aden, Cyprus... and from Ulster. From keeping the peace no less than from war we limbless look to you for help.

British Limbless Service's Association

Call on us today - please

Ford of Europe chief executive change

Mr. Harold Poling has been appointed chairman of the Board of EUROPE INCORPORATED. He succeeds Mr. John McDougall.



Mr. Harold Poling

Mr. Harold Poling has been appointed chairman of the Board of EUROPE INCORPORATED. He succeeds Mr. John McDougall.

Sir Ralph Bateman has joined the Board and became chairman of STOTTERHEIM AND FITT. He succeeds Mr. S. Watwright.

Mr. W. P. Bowman has been appointed personnel director of UNITED BISCUITS AND FITT. He succeeds Mr. H. A. Clark.

Mr. R. C. Blackmore has become chairman of NICKLELOID. He has been succeeded as managing director by Mr. L. G. Bradshaw.

Mr. W. Quentin C. Mackenzie has been appointed financial director of ASSOCIATED PAPER INDUSTRIES. He was previously group chief accountant.

Mr. P. M. Maslin, director of member of the NATIONAL COAL BOARD, has been appointed deputy secretary to the Board from May 18.

Dr. R. Hawley, managing director of C. A. Parsons and Co., Mr. A. D. Neill, managing director of Bruce Peebles Industries.

Mr. Derek A. Norton has been appointed to the new position of chief executive of DUNFORD AND ELLIOTT.

Mr. E. E. Smith retires from the Board in August. With effect from August 15, Mr. Edmund Ruddle is to be managing director of the packaging and printing group.

Mr. Ernest F. Starnes, previously managing director of GYRON BENHAL, has been appointed chairman. Mr. Henry A. Miller, who was deputy managing director, is now chief executive and managing director.

Mr. R. D. Marlin has been appointed managing director of HARRAR BOILERS. Mr. Leslie N. Stubbs has been appointed vice-chairman of the CHESTER BUILDING SOCIETY.

Dr. David Silverleaf has been appointed director of resource planning at a new post in the CENTRAL ELECTRICITY GENERATING BOARD'S recently formed research division.

Mr. R. H. Newman has been elected president of the ELECTRONIC ENGINEERING ASSOCIATION and chairman of the council for 1977-78. He succeeds Mr. F. E. G. Bates.

Mr. David Legg has been appointed marketing director of SMITHS INDUSTRIES PRECISION FAN COMPANY. He succeeds Mr. Frank L. Pratt.

Mr. Max Hedghich, deputy director of the MUSEUM OF LONDON, is to become director in place of Mr. T. A. Hanes, who retires on July 1.

Mr. A. D. Ward has been appointed chief director and secretary of VESSA, a member of InterMed (Thomas Tilling Group).

Financial Results table showing Turnover, Consolidated profit before taxation, Taxation, Consolidated profit after taxation, Interest of members of T.C.L., Shares in issue, Earnings per share, and Dividends per share for 1976 and 1977.

Notes: 1. Turnover is the revenue derived from the coal, chrome and timber sales of subsidiary companies.

2. The consolidated profit after taxation includes investment realisation amounting to R80,000 equivalent to 0.8 cents per share (six months ended 31st March, 1978: R56,000 = 0.8 cents per share).

Interim Dividend: An interim dividend of 30 cents per share has been declared in terms of the Dividend Notice published herewith.

Profit and Dividend Prospects: The consolidated profit after taxation is significantly higher than that for the corresponding period last year.

Assets and Listed Investments: At 30th September, 1977 it was estimated that the current value of mining and forestry assets, excluding mineral rights, exceeded net book value by R18 million.

Market values of the group's listed investments as follows: Table with 3 columns (31st March 1977, 31st March 1976, 30th September 1976) and 2 rows (Market value of listed investments, Market value of T.C.L.'s holdings in listed subsidiaries).

Proposed Capital Expenditure and Commitments: Capital expenditure during the half year amounted to R18 million. During the second six months a further R35 million is expected to be outlined.

Dividend No. 75: Dividend No. 75 of 30 cents per share has been declared in South African currency as a interim dividend in respect of the year ending 30th September, 1977.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment of the dividend from the office of the company's secretaries in London will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 27th May, 1977.

The register of members will be closed from 28th May to 5th June, 1977, inclusive, and dividend warrants will be posted on or about 5th July, 1977.

The full conditions of payment of this dividend may be inspected at or obtained from the Johannesburg or the London offices of the company.

By order of the Board, Rand Mines Limited Secretaries per M. B. Dunderdale, Registered Office: 15th Floor, 83 Fox Street, Johannesburg 2001.

United Kingdom Registrars and Transfer Agents, Charter Consolidated Ltd., P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

Entertainment Guide

CC—These theatres accept certain credit cards by telephone or at the box office.

THEATRES: PHOENIX THEATRE, 01-236 2611. Eves. 8.15, 9.15, 10.15. SAT. 8.15 and 9.15. 'THEY ARE MARRIED... AND SUITABLE...'

THEATRES: ADELPHI THEATRE, 01-336 7611. Eves. 8.15, 9.15. SAT. 8.15, 9.15. 'LONDON... THE CITY... THE WASTELAND...'

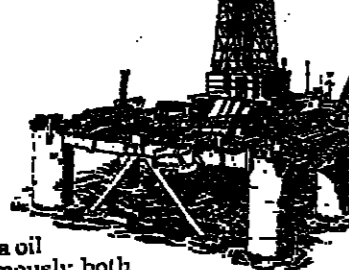
THEATRES: AMBASSADOR, 01-171 1171. Eves. 8.00. SAT. 8.00. 'THE SHOW MUST GO ON...'

THEATRES: CHESTER, 01-336 8233. Eves. 8.15. SAT. 8.15. 'WATERS OF THE MOON...'

CINEMAS: ARCADE 1 & 2, 130 Tottenham Ave. Eves. 7.15, 9.15, 11.15. 'THE STAR IS BORN...'

ART GALLERIES: AGNEW GALLERY, 14 Old Bond St. W. 1. 01-239 0178. 'GOLD MOUNTAIN DRAWINGS...'

A chance to explore the best source of news from the North Sea



Little more than 5 years has the North Sea oil been discovered, and provides a continuous well-referenced record. This is compressed into a concise dozen or more pages that are essential reading for anyone involved in this dynamic industry.

interprets it, sets it in perspective, and provides a continuous well-referenced record. This is compressed into a concise dozen or more pages that are essential reading for anyone involved in this dynamic industry.

Subscription form for North Sea Letter. Includes fields for Name, Address, Telephone, and a 'Yes' box for subscription.

Form for requesting the North Sea Letter. Includes fields for Name, Address, Telephone, and a 'Yes' box for request.

By order of the Board, Rand Mines Limited Secretaries per M. B. Dunderdale, Registered Office: 15th Floor, 83 Fox Street, Johannesburg 2001. (P.O. Box 62370, Marshalltown 2107).

FARMING AND RAW MATERIALS

Downtrend in wool auctions

WELLINGTON, May 12. NEW ZEALAND Marketing Board to mount a big operation to hold up the price of short shear wool...

Farmland losses 'could pose long-term threat'

EVERY EFFORT should be made to ensure that farmland losses are kept to a minimum, according to a special report issued yesterday by the Agricultural Economic Development Committee.

Bacon price rises likely next week

By Richard Mooney. BACON RASHERS could be up to 3p a lb dearer in the shops next week as a result of further first-hand price rises...

WORLD COBALT SUPPLIES Price rise forecast angers Zaire

THE FIGHTING in Shaba province, the metals producing region of Zaire, has prompted the U.S. Government to commission a study of cobalt availability. The report, prepared for the Interior Department by Charles River Associates Inc., has sparked off some controversy...

S. coffee fastings

WASHINGTON, May 12. COFFEE fastings for the quarter of this year totalled 1.8 billion bags, compared with 1.7 billion for the same quarter last year...

Soviet grain sowing on schedule

BY DAVID SATTER. SPRING SOWING in the Soviet Union is proceeding on schedule at the halfway stage in the sowing season after a full in activity during late April caused by heavy rain.

Potato glut warning

Financial Times Reporter. THE PRICES of new home-grown potatoes in June are likely to be the lowest they have been for many years...

EEC in Lomé group sugar talks

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT. BRUSSELS, May 12. In particular they want a contribution towards storage costs to be paid over to the ACP producers...

SOYABEAN SELLING DELAYED

CHICAGO, May 12. SOYABEAN SELLING on the main portion of commodity futures trading session close involving the family has been put off until Tuesday.

China wheat credit plan

WASHINGTON, May 12. Senator Herman Talmadge, chairman of the Agriculture Committee, and Senators Hubert Humphrey, Dick Clark, Robert Dole, and Carl Curtis all signed the letter.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for Metal, Tin, Lead, Zinc, Copper, Nickel, Silver, and Wheat. Includes prices and changes.

COFFEE

Table with columns for Coffee (Arabica, Robusta) and prices.

PRICE CHANGES

Table with columns for Metals, Grains, and other commodities showing price changes.

COMPANY NOTICES

ONSOLIDATED COMPANY, BULTFONTEIN MINE, LIMITED. GRIQUALAND WEST DIAMOND MINING COMPANY, DUTOITSAN MINE, LIMITED. ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. THE BANK OF TOKYO-MITSUBISHI BANK, LIMITED.

RUBBER

Table with columns for Rubber (RSS, SMR) and prices.

U.S. Markets

Table with columns for Coffee, Sugar, and other U.S. market commodities.

SOYABEAN MEAL

Table with columns for Soyabean Meal and prices.

FINANCIAL TIMES

Table with columns for Dow Jones, S&P 500, and other financial indices.

STOCK EXCHANGE REPORT

Buyers return in force and index jumps 13.6 to 470.2 Demand centred on leading issues—Long Gilts good.

Account Dealing Dates Option... First Declara- Last Account Dealings Dates Day Apr 25 May 5 May 17 May 19 May 20 May 31 May 23 Jun 9 Jun 10 Jun 21

strength was modest speculative interest which subsequently tempted institutional buyers into action. A stock shortage gave the movement impetus and medium-longer quickly overcame a slight reactionary tendency in the afternoon to close with gains ranging to a full point and more.

to 72p on interim loss, which was in line with expectations, and the mildly cheerful accompanying statement. NBS Newsgroups added 4 at 72p after the first-half figures with Martin the Newsgroup putting on 6 to 145p in sympathy.

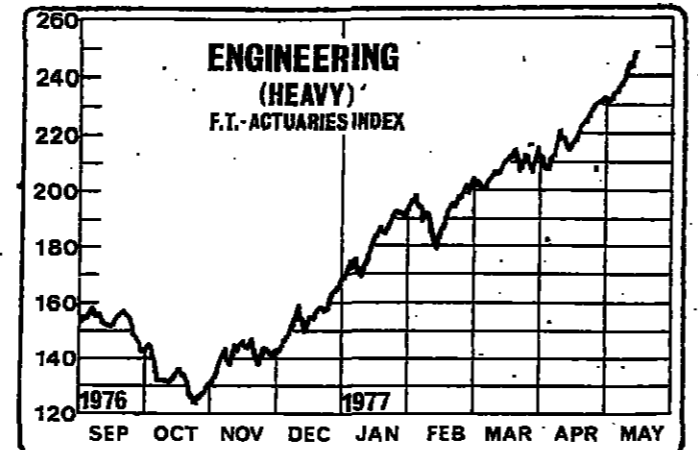
Double-digit gains were common places in the Engineering majors. Tubes touched 44p before closing 16 higher on the day at 44p, and Hawker rose 12 to 64p, after 66p; the latter have risen 156 since news of the

bacon industry. Tesco, a dull market of late, revived with a gain of 24 to 32p in otherwise easier Supermarkets. Kwik Save Discount were notably dull at 182p, down 7. Hotels and Caterers were generally better and Grand Metropolitan ended 2 firmer at 35p following the chairman's comments on his recent share disposals. In fact, three points easier at 224, provided a dull contrast on news of the increased first-quarter loss.

Good trade in Shell, up 10 at 550p, after 556p, following the denial that a rights issue was being contemplated and the proposal to submit another request to the Treasury for dividend control exception. A brisk two-way trade developed in BP, which ended 8 higher at 230p, after the previous day's late flurry on rumours about the forthcoming sale of 17 per cent of the Government's holding in the company. In contrast, Barmul drifted off to close 2 cheaper at 80p. Elsewhere, North Sea speculation prompted noteworthy gains in Oil Exploration up 14 at 162p, after 174p, Stebens (L.K.) 17 higher at 128p and LJM 8 better at 328p.

FINANCIAL TIMES STOCK INDEX Table with columns: Index, % Change, High, Low, Open, Close

HIGHS AND LOWS S.E. ACT Table with columns: Index, % Change, High, Low, Open, Close



Recent fears being voiced about the equity market going ahead too far and too fast were stifled yesterday if, perhaps, only temporarily. When it was detected in the early trade that the previous day's profit-taking had petered out, buyers returned in force and the boom was taken a good stage further in conditions which were a little wilder times. Up 10.6 at 11 a.m., the FT 30-share index reached its best of the day at 3 p.m. when the rise extended to 16.3; at that point, the inevitable short-term profit-taking ensued and left the close at 470.2 for a net advance of 13.6. This was the biggest single-day rise in numerical terms since July 4, 1975, although a slightly larger percentage increase was registered on March 14 last, and the index gain was taken to over 42 points in the last seven trading days.

Revived institutional demand was responsible for an early rise in the investment currency, premium to 12 1/2 per cent, interest later faded in the face of arbitrage offerings and the rate slipped to 12.01 per cent for a net loss of 1/2 yesterday's SE conversion factor was 0.8833 (0.8831).

awaiting further news of the bid discussions. Storey Bros rose 8 more to 121p. Fledered hardened 2 to 66p awaiting to-day's annual figures. Bladen and Noakes put on 10 to 150p as did Hickson and Welch, to 477p, while Fisons settled 8 dearer at 365p.

proposed share sub-division which accompanied excellent results on April 19. GKN added 10 at 330p, after 325p, while Vickers were 5 to the good at 186p, after 187p. Secondary issues were not ignored and Amalgamated Power rebounded 13 to 103p on the better-than-expected results and news of a dividend-boosting £2.3m. rights issue. Further speculative buying in bid hopes lifted Stacelmit 91 to 115p, while the respective half-yearly and annual profit achievements lifted Saffery Industries 13 to 245p and Matthew Hall 10 to 150p. Still reflecting the second-half profit boost, Avery's gained 7 more to 163p and mirroring the increased first-half earnings, Serck hardened 2 to 109 1/2p.

Motor and Distributors moved higher under the lead of Dunlop, 8 better at 119p, and Lucas Industries, 14 to 148p, while gains of 3 were seen in Zenith Carburetor A, 105p, and Flight Refuelling, 47p. Armstrong Equipment finished 31 up at 35 1/2p following news of acquisition of Dutton-Forsyth in Garages, closed only marginally better at 35 1/2p following the preliminary figures.

Thomson at 600p, after 605p, retraced the previous day's fall of 13 among Newspapers as North Sea oil enthusiasm revived: Associated picked up 5 to 187p. Elsewhere, and awaiting further news of the pending merger situation, Seaverbrook "A" hardened 3 to 52p. Improvements of 5 and 6 respectively were seen in Pearson Longman, 150p, and United Newspapers, 27p. White HBG rose 5 to 124p, after 123p.

Properties enjoyed a firm and lively session. Bridgewater Estate closed 17 higher at 240p following news of a bid for the estate. 47p, had acquired a 15.5 per cent stake in the company. Chesterfield were again wanted at 223p, up 12, while rises of 10 and 8 respectively were seen in Great Portland, 262p, and Balmere, 206p. Speculative buyers came for Scottish Metropolitan which pushed ahead to 106p before settling at 104p for a rise of 10 on balance. B. Stanley rose 8 to 170p and Samuel finished 3 to the good at 87 1/2p, despite the denial of any bid talks. Land Securities stood out among the leaders with a rise of 6 to 200p. Elsewhere, Peachey improved 13 to 50p ahead of to-day's crucial meeting.

Bankers up A much livelier business developed in the big four Banks, with gains to a sizeable 25.25p. Midland, 302p and NatWest, 237p; Barclays ended 6 to the good at 263p. Merchant Banks continued their recent recovery with rises between 8 and 10 recorded in Arbutnot Latham, 185p, Hambros, 187p, and Schroders, 330p. Antony Gibbs put on 3 more to 46p and Slater Walker Securities edged forward 11 to 13p. Among Five Purchases, Lloyds and Scottish hardened 2 to 102p on the interim results.

Stores made progress with House of Fraser rising 5 more to 124p on continuing bid hopes. Gussies A, helped by Press comment, gained 6 to 242p, while H. H. Smith A put on 15 to 340p in a thin market. Marks and Spencer gained 4 at 121p and Debenhams widened 3 to 89p. Down 8 on Wednesday following details of the group's extensive rationalisation plan and resulting redundations, Baxton A rallied 2

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FOR THE MAXIMUM EMPLOYMENT OF PEOPLE, PLANT AND CAPITAL IN A MIXED ECONOMY, THE STOCKHOLDER IN STEEL HAS A VITAL ROLE TO PLAY.

Stockholder Steel Helps keep the steel flowing. The National Association of Steel Stockholders, Lennig House, 115, St. Andrew's Avenue, Croydon, Surrey, CR9 3RU.

RECENT ISSUES Table with columns: Issue Price, Amount, Dates, Stock, Price

"RIGHTS" OFFERS Table with columns: Issue Price, Amount, Dates, Stock, Price

ACTIVE STOCKS Table with columns: Stock, Denominations, Closing Price, Change, 1977 High, 1977 Low

OPTIONS TRADED Table with columns: Stock, Denominations, Closing Price, Change, 1977 High, 1977 Low

DEALING DATES Table with columns: Deal Date, Declara Date, Settlement Date

FT-ACTUARIES SHARE INDEX

FT-ACTUARIES SHARE INDEX Table with columns: EQUITY GROUPS, Thurs., May 12, 1977, Wed., May 11, Tues., May 10, Mon., May 9

FIXED INTEREST Table with columns: Thurs., May 12, Wed., May 11, Tues., May 10, Mon., May 9

NEW HIGHS AND LOWS FOR 1977 Table with columns: Stock, High, Low

JPY 10 1.50

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Main table containing financial data for various unit trusts and offshore funds, including columns for fund names, managers, and performance metrics.

BASE LENDING RATES table listing interest rates for various banks and financial institutions.

GOOD PRICE MOVEMENTS table showing price changes for commodities like oil, sugar, and other goods.

Table listing various unit trusts and their details, including names and managers.

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INSURANCE, PROPERTY, BONDS

Large table listing insurance, property, and bond products, including company names and policy details.

CLIVE INVESTMENTS LIMITED advertisement with contact information and a list of services.

INSURANCE RATES advertisement listing various insurance policies and their rates.

HEALEY & BAKER SURVEYORS VALUERS AND AUCTIONEERS OF REAL ESTATE. Established 1820 in London. 29 St. George Street, Horse Guards Square, London W1A 3EG. Tel: 01-629 9292. CITY OF LONDON 118 OLD BROAD STREET LONDON EC2N 1AR 01-528 4361

FT SHARE INFORMATION SERVICE

INDUSTRIALS (Miscel)

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Div. Yield, and others. Includes sub-sections for 'Shorts' (Lives up to Five Years) and 'Over Fifteen Years'.

INTERNATIONAL BANK

Table of International Bank with columns for Stock, Price, Div. Yield, and others. Includes sub-sections for 'CORPORATION BONDS' and 'LOANS (Miscel)'.

COMMONWEALTH & AFRICAN BONDS

Table of Commonwealth & African Bonds with columns for Stock, Price, Div. Yield, and others.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Stock, Price, Div. Yield, and others.

AMERICANS

Table of American Stocks with columns for Stock, Price, Div. Yield, and others.

CANADIANS

Table of Canadian Stocks with columns for Stock, Price, Div. Yield, and others.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Stock, Price, Div. Yield, and others.

HIRE PURCHASE, ETC.

Table of Hire Purchase, Etc. with columns for Stock, Price, Div. Yield, and others.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Stock, Price, Div. Yield, and others.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Stock, Price, Div. Yield, and others.

AMERICANS

Table of American Stocks (continued) with columns for Stock, Price, Div. Yield, and others.

BUILDING INDUSTRY - Continued

Table of Building Industry - Continued with columns for Stock, Price, Div. Yield, and others.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics with columns for Stock, Price, Div. Yield, and others.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV with columns for Stock, Price, Div. Yield, and others.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Stock, Price, Div. Yield, and others.

DRAPERY AND STORES - Continued

Table of Drapery and Stores - Continued with columns for Stock, Price, Div. Yield, and others.

ELECTRICAL AND RADIO

Table of Electrical and Radio with columns for Stock, Price, Div. Yield, and others.

ENGINEERING, MACHINE TOOLS

Table of Engineering, Machine Tools with columns for Stock, Price, Div. Yield, and others.

ENGINEERING, MACHINE TOOLS

Table of Engineering, Machine Tools (continued) with columns for Stock, Price, Div. Yield, and others.

ENGINEERING - Continued

Table of Engineering - Continued with columns for Stock, Price, Div. Yield, and others.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Stock, Price, Div. Yield, and others.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Stock, Price, Div. Yield, and others.

Large table of Industrial and Miscellaneous stocks with columns for Stock, Price, Div. Yield, and others.

Handwritten note: 100/100 1/250

JPY 10 1250

INDUSTRIALS - Continued. Table listing various industrial stocks with columns for Stock, Price, and other financial metrics.

MOTORS, AIRCRAFT TRADES. Motors and Cycles, Commercial Vehicle, Components, Garages and Distributors. Table listing related stocks.

PROPERTY - Continued. Table listing property-related stocks.

TRUSTS - Continued. Table listing trust-related stocks.

OILS. Table listing oil-related stocks.

NOMURA The Nomura Securities Co., Ltd. Advertisement with contact information for London and other offices.

SHIPBUILDERS, REPAIRERS. Table listing shipbuilding and repair stocks.

SHOES AND LEATHER. Table listing shoe and leather stocks.

SHIPPING. Table listing shipping stocks.

OVERSEAS TRADERS. Table listing overseas trader stocks.

RUBBERS AND SISALS. Table listing rubber and sisal stocks.

MINES - Continued. CENTRAL AFRICAN, AUSTRALIAN. Table listing various mine stocks.

TINS, COPPER. Table listing tin and copper stocks.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publisher stocks.

PAPER, PRINTING, ADVERTISING. Table listing paper, printing, and advertising stocks.

TEXTILES. Table listing textile stocks.

TEAS. Table listing tea stocks.

INDIA AND BANGLADESH, SRI LANKA, AFRICA. Table listing stocks from these regions.

MISCELLANEOUS. Table listing various miscellaneous stocks.

NOTES. Table listing various notes and financial instruments.

INSURANCE. Table listing insurance stocks.

PROPERTY. Table listing property stocks.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land stocks.

FINANCE, LAND, ETC. Table listing finance, land, and other stocks.

FAR WEST RAND. Table listing far west rand stocks.

REGIONAL MARKETS. Table listing regional market data.

Options 3-month Call rates. Table listing options and call rates.

DIAMOND AND PLATINUM. Table listing diamond and platinum stocks.

Top quality ventilation Vent-Axia the fug fighter

BELL SCOTCH WHISKY

Ulster strike has cost over £25m.

BY KEVIN DONE IN NORTHERN IRELAND

THE EXTREME Loyalist strike, now in its 11th day, has cost Northern Ireland more than £25m., according to Government estimates. But further important steps were taken yesterday to return life in the province to normal. Attention focused on the port of Larne in the heart of the Rev. Ian Paisley's constituency of Antrim North.

Larne. After being addressed by Mr. Paisley, the leader of the strike, they voted to continue their stoppage. They will meet again to-morrow. But at least one dock was working yesterday morning to operate the drawbridge ramp which connects the roll-on, roll-off vessels to the quay.

British Rail surprised by plan for success

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

A COMMONS select committee yesterday told British Rail that it could attract 30 per cent more passengers, run more trains and cut its losses by almost a third in the next four years.

The timing of the report is critical because it comes two weeks before the expected publication of a White Paper on transport policy. It represents a determined attempt to swing Government opinion back behind the railways after last year's pessimistic transport consultation document.

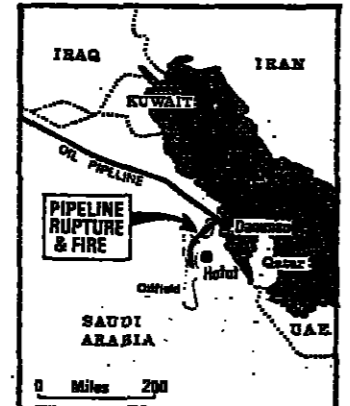
Full production at Saudi well 'within few days'

BY ANTHONY McDERMOTT

A FIRE, caused by a rupture in a crude oil pipeline, which threatened to halt 60 per cent of Saudi Arabia's production, was yesterday described by an Aramco spokesman in Dhahran as being "under control". Depending on the extent of the damage, and oil sources suggest that it is less than was at first feared, production could resume fully within a few days.

Europe and about one-quarter of Japan. The pipelines from these two fields are connected to a key gathering system in Abqaiq on way to the loading terminal at Ras Tanura, from where nearly all Saudi Arabia's oil is exported. The main trunkline has been shut off, but according to oil sources, auxiliary pumping units are pumping to Ras Tanura at the reduced rate of 600,000 barrels a day.

bad weather preventing unloading at Ras Tanura or crises which halt the pumping of oil. At this stage and before more details have been released, only a brief drop in Saudi exports is predicted. Nevertheless, had the Arabian Light which those two fields produce been cut from the market, other oil producers would have been hard pressed to make up the loss.



Tube 'waste'

The committee also looked at ways of increasing transport revenue by local taxes on either residents or employers and went halfway towards suggesting that some form of fiscal measure may be necessary to discipline in favour of public transport.

One other suggestion by the committee, that the Manchester underground should be built, received a rapid answer yesterday. The newly elected Conservative council said it had firmly abandoned a proposal to build a new line to the city.

Peachey proxies back Board

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDENT

SIR ERIC MILLER, former chairman and managing director of Peachey Property Corporation, is expected to appeal to shareholders at the annual meeting to day to keep him on the Board against the wishes of the other directors.

Lord Maig and his colleagues have to win two votes to-day: one to defeat Sir Eric, who is standing for re-election; and the other to elect Mr. Douglas Chance as a director. Should Mr. Chance not be elected, Sir Eric would automatically continue in office even if defeated on a vote due to a clause in the Peachey articles of association.

Lord Maig said that even if he and his colleagues were defeated to-day they would not resign. "If we should lose I do not see how I and my two fellow-directors, having taken the line we have and given the information we have, could possibly walk out and leave the shareholders."

Liberals support VAT change

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT amended the Finance Bill with the help of the Liberals last night to raise the threshold at which traders have to register for value-added tax to £7,500 annual turnover from £5,000.

economic spokesman, retorted: "I prefer to accept a bird in the hand rather than two birds in the bush." Parliament, Page 16

Mr. John Pardoe, the Liberal economic spokesman, retorted: "I prefer to accept a bird in the hand rather than two birds in the bush." Parliament, Page 16

Occidentale 'plans a big bond issue'

BY ROBERT MAUTHNER PARIS, May 12

SPECULATION that Sir James Goldsmith's French master company, Occidentale, is planning a large convertible bond issue, has been confirmed by the company.

It remains to be seen whether such an arrangement could prove feasible. But an increase in Occidentale's capital in the form of convertible bonds would appear to make it possible procedurally, should such a bid more prove otherwise practicable and be decided on.

Standard interest

Generale Occidentale said early last month that it was considering with its financial advisers what action it should take to give the bid value in sterling to British investors.

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Prior plan

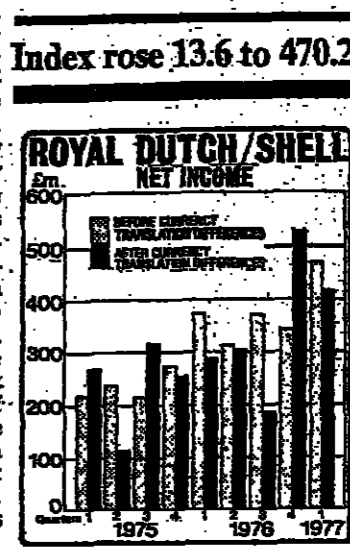
would involve sacrificing the National Coal Board on the unions' plans for a high-paying, pit-based bonus scheme. The union expects such a scheme to be exempted from any restrictions after July 31.

Left-wingers on the executive who say a pit-based bonus plan is divisive and argue for much higher basic rates instead are reserving their attack until the negotiations are complete and the result is put to the annual conference in early July.

FIFO aids Shell first quarter

THE LEX COLUMN

ROYAL DUTCH/SHELL NET INCOME



For the second day running, the Bank of England indicated yesterday that it did not want to see a significant fall in the rate at to-day's treasury bill tender. In any case, money market rates have been static for a couple of weeks and there are few signs that outside bidders intend to push rates substantially lower at present.

The former trend in U.S. interest rates following the recent tightening of the Fed's monetary policy is one obvious reason why the authorities here have become cautious.

Royal Dutch/Shell

Thanks partly to stock profits in the £75m-£100m range, first-quarter net income of the Royal Dutch/Shell Group emerges somewhat above outside expectations at £416m.

signs of an easing in product prices, which were some 7 1/2 per cent higher in January-March. This suggests that second-quarter net income, ignoring FAS 8, could ease to the £30m region, and beyond that the pattern of OPEC crude prices beyond July 1 is a major unknown factor.

Burton Group

The Burton Group's half-year figures bear a £2.3m provision against the planned reduction in its manufacturing capacity, plus further provisions of £400,000 relating to shop closures and £1m for "a major cost reduction programme".

Although volume growth was modest in the first quarter—at some 2 per cent, which Shell expects to be typical of the full year—product prices were firm in many areas, reflecting shortages generated by the cold U.S. winter.

Weather

U.K. TODAY SUNNY patches, showers. Cold London, S.E. Cent. S.E. England, Sunny, scattered showers developing. Max. 13C (55F).

Skipton Building Society the stronghold for your client investments

When your clients demand total security as a first priority, tell them about the Skipton Building Society. £128 million assets. Trustee status. First class covering eight different investment plans.



JPY 10 1550